Austria Sch22 Indonesia Rp3400 Oman Dr1
Bahrain Din0.700 Iran Rls250 Philippines Pes40
Belgium BFr55 Israel Shk5.50 Portugal Esc140
Cyprus C£0.90 Italy L2300 Qatar QR8.00
Denmark DKr13.00 Jordan Fils1000 S.Arabia Rls7.00
Egypt E£2.50 Kuwait Fils.800 Singapore S$4.10
Finland Fmk7.00 Lebanon £1,400.00 Spain Pta145
France FFr7.00 Lux LFr55 Sweden SKr10
Germany DM2.20 Malaysia Ringgit4.25 Switz SFr2.40
Greece Dr150 Morocco Dh9.00 Thailand Bt40
Hong Kong HK$12 Neth Fl2.50 Tunisia Din1.000
Iceland Kr125 Nigeria Naira4.00 Turkey L1300
India Rup15 Norway NKr13.00 UAE Dh12.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Turning the talk into reality
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World News

Bush suffers setback in Senate over tax reduction

President George Bush suffered a serious political setback when Senate Republicans agreed to put off the fight for a reduction in the US capital gains tax until next spring because of successful blocking tactics by the majority Democratic group.

Parkinson rumours

UK Transport Secretary Cecil Parkinson denied rumours circulating at Westminster he had been linked to insider trading and that he was planning to resign his post in the Government. Page 8

US investigation

Five US Senators have become entangled in an unfolding congressional and federal investigation into the collapse of a California savings and loan institution likely to cost taxpayers more than $2bn. Page 6

Indian opposition

Leaders of various Indian opposition parties announced they had been largely successful in ensuring the ruling Congress Party candidates face straight one-to-one election contests in most parts of the country. Page 4

EMU paper

The British paper on an Evolutionary Approach to Economic and Monetary Union in Europe has almost certainly come too late to have any impact on the basic framework of debate inside the EC. Page 2

Nicaraguan attack

The Nicaraguan army has launched a military offensive against an estimated 3,500 US-backed Contras operating in the northern and central provinces of the country. Page 6

Romanian objection

Romania is delaying an international accord on the environment with objections to human rights proposals, according to Western diplomats at a 35-nation conference in Sofia. Page 2

Lebanese doubts

Doubts persist in Lebanon about the feasibility of holding a parliamentary session aimed at electing a new president. Page 4

Mandela plan

South Africa has provisional plans to free black nationalist leader Nelson Mandela in January, government sources said. Mandela, in jail since 1962, is serving a life term for plotting to overthrow white rule.

Soviet pit strike

Thousands more coal miners have joined a strike in the Soviet city of Vorkuta, defying a strike ban and ignoring a Kremlin appeal for an end to the walkout. Page 3

UN 'forgeries'

UN Secretary General Javier Perez de Cuellar said purported UN messages about guerrilla incursions into Namibia were forgeries and that South Africa was aware of this. Fears subside, Page 4

Kohl controversy

A planned visit by Mr Helmut Kohl to a controversial shrine in western Poland, scene of fighting between Germans and Poles in the 1920s, has cast a shadow over preparations for the West German Chancellor's six-day trip to Poland beginning next week. Page 3

Business Summary

Boeing holds talks with Japanese on $4bn aircraft

BOEING, world's largest manufacturer of commercial aircraft, is discussing a range of possible relationships with Japanese and other international companies for the $4bn development of a new wide-body medium to long range passenger aircraft. Page 18

UK GOVERNMENT called for an evolutionary approach to European economic and monetary union in its long-awaited rebuttal of the Delors report. Page 18

PRIME Computer and Data General, US mini computer manufacturers, reported heavy losses, reflecting important restructuring efforts aimed at adjusting to trends squeezing their traditional markets. Page 19

EASTMAN Kodak reported sharply lower third quarter earnings, reflecting a plunge into losses by its information systems business. Page 19

KLM Royal Dutch Airlines will more than halve its 57 per cent equity stake in NWA, parent of Northwest Airlines, to 21 per cent in line with US Government demands. Page 19

BANK of England, citing a deterioration in the prospects for debtor countries repaying debts, is reviewing the guidelines for banks to assess what reserves they should carry against Third World loans. Page 8

NEW York investor Saul Steinberg is to take a stake in UAL, raising interest on Wall Street in the role he might play in the parent company of United Airlines. Page 20

BRITISH Rail, UK state railway, sought to entrench its proposed route for a high-speed line from London to the Channel Tunnel by agreeing an exclusive contract with a private sector consortium led by Trafalgar House. Page 8

POLAND has been told by western creditor governments that its significant arrears to them will not stand in the way of an expected rescheduling of its debts to them. Page 3

GRUMMAN, Long Island-based defence contractor best-known for making the F-14 Tomcat aircraft, reported an increase in operating income in the third quarter. Page 20

CHINA is making a determined effort to capture a significant share of the lucrative market for oil and mineral drill bits used in large quantities by international drilling companies. Page 7

MATRA, French defence and electronics group, has taken a 20 per cent stake in Bodenseewerk Gerätetechnik (BGT), West Germany's top maker of air to air missiles. Page 21

MOODY'S Investors Service, US ratings agency, aimed another sideswipe at the Australian economy by announcing a "review for possible downgrade" of the debt ratings of two of the country's largest commercial banks. Page 8

CAE Industries, the world's largest commercial aircraft simulator maker, is putting in new management at its US Link military simulator subsidiary acquired last year for around $600m. Page 20

NYKREDIT, one of Denmark's two largest mortgage credit associations, plans a conversion from self-owning association to joint stock company. Page 22

GARUDA, Indonesian airline, has been cleared to float up to 25 per cent of its capital on the stock market. Page 21

GRANDI Viaggi, Italy's third largest tour operator, has been acquired through a leveraged buy-out by Paribas, LBO Italia and Elcot. Page 21

MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime: $1.5695	New York lunchtime: DM1.843	FT-SE 100: 2,154.1 (−6)
London: $1.564 (1.582)	FFr6.2545	FT Ordinary: 1,731.3 (−6.6)
DM2.89 (2.9075)	SFr1.61925	FT-A All-Share: 1,085.73 (−0.3%)
FFr9.81 (9.86)	Y143.375	New York lunchtime: DJ Ind. Av. 2,626.43 (−19.47)
SFr2.54 (2.5525)	London: DM1.8475 (1.838)	S&P Comp 338.31 (−2.89)
Y224.75 (226.25)	FFr6.2725 (6.2325)	Tokyo: Nikkei 35,494.86 (−69.57)
£ index 88 (88.5)	SFr1.623 (1.6135)	LONDON MONEY
GOLD	Y143.65 (143.1)	3-month interbank: closing $15\frac{1}{16}$% ($15\frac{1}{8}$)
New York: Comex Dec $382.9 (378.9)	$ index 69.9 (69.7)	Liffe long gilt future: Dec $91\frac{1}{8}$ ($92\frac{5}{32}$)
London: $375.25 (373.75)	Tokyo close: Y143.75	
N SEA OIL (Argus) Brent 15-day Dec $19.025 (−0.05)	US LUNCHTIME RATES: Fed Funds $8\frac{3}{4}$%	
Chief price changes yesterday: Page 19	3-mo Treasury Bills: yield: 7.972%	
	Long Bond: $102\frac{1}{2}$ yield: 7.872%	

MARKET REPORTS: CURRENCIES, Page 40; BONDS, Pages 22, 23; COMMODITIES, Page 32; EQUITIES, Pages 33 (London), 41 (World)

Thousands of East Germans make exodus to Czechoslovakia

By Leslie Colitt in Berlin

EAST GERMANY'S decision to allow free travel for its citizens underwent its first major test yesterday as more than 8,000 East Germans crossed into Czechoslovakia – about 1,300 of them flooding into the West Germany embassy in Prague in the hope of crossing to the West.

The new exodus came as Mr Egon Krenz, the East German leader, said during a visit to Warsaw that he could learn from reforms in Poland.

On Wednesday the East German authorities reopened the border for visa-free travel to Czechoslovakia which had been closed a month ago because of an earlier flood of refugees. A shuttle bus took the arrivals at the West German Embassy across the Vltava river to the East German Embassy where they were given papers releasing them from East German citizenship.

The joint effort appeared to be the first result of a pledge by Mr Krenz to allow free travel to East German citizens. New regulations governing travel to the West are to be published next week.

Meanwhile, in East Berlin, four more senior politicians resigned and Mrs Margot Honecker, wife of the former leader Mr Eric Honecker, was sacked as Education Minister.

Mr Herbert Ziegenhahn and Mr Hans Albrecht, Communist Party leaders in Gera and Suhl, two of East Germany's 15 regions, left along with Mr Heinrich Homann, leader since 1972 of the National Democratic Party, a small Communist-allied party, and Mr Gerald Goetting, leader of the Christian Democratic Party, another small communist-allied party.

Separately Mr Harry Tisch, the head of the East German Trade Union movement, formally stepped down after heavy criticism of his autocratic leadership and mass resignations by members.

He was succeeded by Ms Annelis Kimmel who previously led the official union in East Berlin.

Mr Tisch was also expected to lose his seat in the 17-member ruling Politburo at a Central committee meeting next week which could see a purge of other long-time supporters of Mr Honecker.

Elsewhere, sharp criticism of East Germany's highly centralised planned economy and the secrecy surrounding it was voiced by Der Morgen, the newspaper of the tiny Liberal Democratic Party which has advocated deep-going political and economic reforms.

The newspaper called on the Government to account for the intake of hard currency and what it is spent on.

Der Morgen said a new financial and economic policy was needed which would lead to a freely convertible currency.

Ford wins control of Jaguar with £1.6bn agreed cash offer

By Kevin Done, Motor Industry Correspondent, in London

FORD of the US, the world's second largest car maker, yesterday made an agreed cash offer for Jaguar valuing the UK luxury car maker at close to £1.6bn ($2.5bn) and bringing to an end its five-year period of independence since privatisation.

The offer of 850p per share, which will be recommended for shareholder approval by the Jaguar board, brought to an end Jaguar's negotiations with General Motors, Ford's arch US rival.

GM, which has spent nine months seeking to arrange an agreed deal with Jaguar, said it would not contest the Ford offer, ending the prospect of a bid battle between the world's two largest car makers.

In a statement GM said it was unwilling to match the Ford offer. After an "intensive review of Jaguar's products and plants", GM said it had concluded that the maximum value of the Jaguar shares "was very significantly below the £8.50 per share now being offered." The £1.3bn premium over book value "could not be justified."

Jaguar was privatised in 1984 under the leadership of Sir John Egan, chairman and chief executive. Sir John said he had agreed to remain with the company.

Ford delivered its offer to Jaguar on Wednesday morning, less than 24 hours after Mr Nicholas Ridley, Secretary of State for Trade and Industry, had opened the way for a full bid with his surprise announcement that he would not use the Government's so-called "golden share" to block a takeover of the company if an offer received the requisite backing from Jaguar shareholders.

Mr Ridley's move, made without consultation with Jaguar, ended the UK company's hopes of reaching an agreed deal under which GM would have taken a minority stake, leaving Jaguar with at least a semblance of independence.

Ford's move prompted a dramatic 18-hour Jaguar board meeting which lasted until after midnight on Wednesday. As the price of its support, Sir John said the board had sought and had received guarantees from Ford on how the company would be managed.

Under the purchase, according to the Ford offer document:

- Jaguar will remain a separate legal entity with a self-sustaining capital structure and its own board of directors.
- The board will "operate independently within agreed control parameters".
- Jaguar will report to the chairman of Ford of Europe.
- The board will have "sole discretion in the application of the Jaguar marque."

Sir John and Mr Lindsey Halstead, Ford of Europe chairman who has led the US group's pursuit of Jaguar, said these arrangements were "essential to preserve the identity of Jaguar."

At a hastily called press conference, Mr Halstead said the two companies believed there was "considerable potential to increase Jaguar's sales volume by the expansion of the company's product range in Europe, the US and other parts of the world."

Ford was offering Jaguar:

- substantial financial resources to enable Jaguar to accelerate new product developments, and
- access to a worldwide technology and components base.

Jaguar was already working on a project to launch a new sports car, the F-Type, in the early 1990s, but it is expected that the group will also now launch an urgent programme to develop a new executive car below its present luxury saloon range. Ford expects Jaguar to reach a production volume of at least 150,000 a year by the late 1990s compared with an output last year of 51,000.

Joint study teams would be set up between the two companies. This could lead to the building of a new Jaguar assembly plant or the expansion of existing facilities.

Ford stressed that development of Jaguar would take place in Coventry and in the West Midlands.

Ford said Jaguar's Whitley, Coventry research and development centre would be expanded, corporate headquarters would remain in Coventry.

Sir John said Jaguar shareholders would be called to an extraordinary meeting to be held in 26 days' time to consider the offer from Ford, which already owns 13 per cent of Jaguar.

Jaguar's price closed in London at 829p, at which level it was 2.5 per cent below the offer price, following a turnover of 30m shares. Jaguar, which has 12,000 employees, made a loss of £1.1m on a turnover of £554m in the first half of 1989.

Paul Murphy

Mr Lindsey Halstead (left), Ford of Europe chairman, with Sir John Egan of Jaguar

Paris and Bonn disagree over pace for EMU

By David Marsh in Bonn

DIFFERENCES between France and West Germany over the pace of moves towards European monetary union persisted yesterday at the start of two-day consultations between Paris and Bonn.

Mr Hans Klein, the Bonn government spokesman, said that Mr Helmut Kohl, the West German Chancellor, had agreed in talks with President François Mitterrand to press forward the EMU objective "step by step."

But Bonn has not yet decided to back the timetable advanced by Mr Mitterrand last week. The French President suggested starting an inter-governmental conference in the second half of next year to revise the Treaty of Rome and pave the way towards fixed European exchange rates.

"A date has not yet been fixed," Mr Klein said. Although Mr Kohl yesterday made clear his support "in principle" for the goal of monetary union, Mr Klein reaffirmed that steps towards it would have to be "carefully" prepared.

Bonn is keen to avoid binding commitments before the West German general election in December 1990. An early timetable towards monetary union is favoured by Mr Hans-Dietrich Genscher, the Foreign Minister, but is opposed above all by the Bundesbank on the ground that it could weaken West Germany's anti-inflation policy.

A process eventually to replace the D-Mark by a less hard currency would be highly unpopular with the electorate, and could even become an election issue.

- *The British Government yesterday sought to re-fashion a united stance on European integration and heal the deep divisions in the Cabinet revealed by Mr Nigel Lawson's abrupt resignation as Chancellor of the Exchequer, writes Philip Stephens in London.*

Mr John Major, the new Chancellor, told Parliament that Britain intended to play a "central and constructive" part in the debate with its European partners on closer economic and monetary co-operation.

His statement, which coincided with the publication of the Government's alternative to the Delors report on monetary union, also underlined the commitment to full participation in the European Monetary System.

The plan accepts the closer integration proposed in stage one of the Delors study but proposes a free-market system of "competing" national currencies instead of the European central bank and single currency envisaged in the second and third stages.

Mr Major said that it represented Britain's aim of moving towards a yet closer partnership of individual nation states rather that towards a federal Europe and all that implied.

His speech followed a full Cabinet discussion yesterday of tactics in the run-up to the European Community summit in Strasbourg in December and marked an apparent truce in the senior ranks of the Government on the EMS issue.

At Strasbourg, Britain is expected to face strong pressure from its Community partners – partcularly France – to accept an accelerated timetable for greater integration.

Mr Lawson's resignation revealed a deep rift between the majority of Cabinet members who favour moving as

Continued on Page 18

UK rebuff to Delors, Page 18

Südzucker in agreed BFr38.5bn bid for Raffinerie Tirlemontoise

By Tim Dickson in Brussels

SUDZUCKER, West Germany's biggest sugar refiner, announced yesterday that it has made a BFr38.5bn ($990m) agreed offer for the sugar refining activities of Belgium's Raffinerie Tirlemontoise.

The deal will create an important third force in the European sugar business, putting the combined group at least on a par with Mr Raul Gardini's Ferruzzi Group and Britain's Tate and Lyle.

"Our joint sugar production will be 1.8m tonnes," Mannheim-based Südzucker explained last night, adding that this figure is marginally higher than that of the company's two heavyweight rivals.

Yesterday's merger plans reflect the recent jockeying for position of European sugar refiners as they seek to come to terms with the challenges posed by a single EC market.

"Food manufacturing companies like Coca-Cola, Jacobs, Suchard and Nestlé are getting bigger and bigger, and supermarkets are clubbing together into larger and larger buying conglomerates," observed Mr Freddy Chaffart, Raffinerie's chief executive.

"With clients looking for the cheapest products it is only natural that suppliers should band together too."

Negotiations over the Südzucker purchase – details of which will not be finalised until Raffinerie's 1988-89 accounts are confirmed later this month – are thought to have started early in October.

This followed a search for suitable partners by the Goldman Sachs London office and a wave of speculation on the Brussels Stock Exchange over the summer months when the company's share price – suspended yesterday at BFr2,735 – at one point touched almost BFr3,000.

Tate & Lyle and Ferruzzi are thought to have been interested in a deal with Raffinerie.

The Südzucker offer, which has been accepted by Raffinerie's 75.35 per cent family-controlled parent company RT Holding, is likely to be worth an estimated BFr2,950 per share for the sugar refining interests alone. On top of this minority shareholders will receive a so far undisclosed sum of cash or new shares in the non-sugar assets to be retained and managed by RT Holding (these include small biscuit, fruit juice and salad-making companies).

Analysts estimated that this part of the offer might be worth an additional BFr200 to BFr300 per share.

Südzucker, owned 60 per cent by a co-operative of sugar farmers and 20 per cent by Deutsche Bank, claims a 40 per cent share of the German domestic market. Annual sales last year were DM2.1bn ($1.14bn).

Südzucker said the two businesses were "complementary" and cited particular synergies in research and development. Mr Chaffart of Raffinerie, meanwhile, said his new owners had a long-term ambition to expand in the Eastern bloc, and that Raffinerie would be the focus of developments in Western Europe.

CONTENTS

The Hong Kong campaigner for democracy who irks Peking

Martin Lee (left), a distinguished Hong Kong lawyer, is also a political firebrand who has been expelled by Peking from the com mittee finalising the colony's post-1997 constitution. He says he will continue his campaign undeterred. Page 4

EUROPEAN NEWS

W German unions back radical EC social plan

By David Goodhart in Bonn

EVERY European Community worker should be entitled to extensive consultation and collective bargaining rights, unemployment benefit starting at 68 per cent of previous net income and falling no lower than 60 per cent, and a regular working week of no more than 40 hours, according to the definitive proposals for the EC's social action programme put forward by the German Trade Union Federation (DGB).

The DGB, the most powerful group within the European TUC, has now switched its attention to the action programme – which will consist of a series of directives with the backing of EC law – and away from the purely symbolic Social Charter which will be passed, by majority vote, next month.

The DGB's 25 articles for an action programme, published for the first time yesterday, cover a wide area, ranging from the most general statements such as a worker's right to equal treatment or labour mobility to specific limits on overtime working.

Among the most specific and/or controversial proposals are: collective bargaining rights to include the right to "co-determination" which would give workers veto power over some management decisions; a right to strike to include solidarity strikes; a job guarantee for 18 months after a woman has given birth; the right to training to include a two-week training "holiday" per year; and a minimum of 5 per cent of jobs reserved for the disabled.

Most controversial of all is the demand for a 40-hour, five-day week, combined with a limit on overtime to 15 hours a month and 120 hours a year.

Many of these demands are included in watered-down form in a nine-point proposal for the action programme agreed last weekend between the DGB, the employers and the Government. The plan of minimum employment rights would still require change to the employment laws of several countries through its call for a minimum of four weeks' paid holiday and a minimum working age of 15.

Reserves fall by third in Denmark

By Hilary Barnes in Copenhagen

DENMARK'S foreign exchange reserves fell by almost a third in October from DKr55.66bn ($7.73bn) to DKr38.58bn, following heavy intervention to support the kroner on October 13, according to the monthly foreign exchange reserves statement from the National Bank. They are now at their lowest for two years.

The bank said it spent about DKr13bn to defend the currency on that date. The kroner is a participant in the EMS exchange rate mechanism and came under pressure when there were rumours of an exchange rate adjustment between the EMS currencies.

Sources in Frankfurt told the Financial Times last month that Denmark was forced to borrow DM3.5bn ($1.89bn) from the Bundesbank on October 13. The National Bank has not confirmed the story or admitted that it borrowed any money from the Bundesbank.

Portugal gears up for elections

By Patrick Blum in Lisbon

PORTUGAL'S forthcoming local elections will be a key test for the Government, which is coming under strong criticism from right and left over its handling of the economy, and for the new leadership of the opposition Socialist Party.

Although voting does not take place until December 17, the ruling Social Democratic Party (PSD) is already fighting a difficult battle in its key campaigns in Oporto and Lisbon.

The results in these two cities will give a strong indication of the main parties' prospects in the general elections due in 1991 and of the electorate's opinion of Prime Minister Aníbal Cavaco Silva.

The PSD's campaign has been weakened by internal party squabbles and differences between local parties and the national leadership.

In Oporto, for example, Mr Fernando Cabral, until recently a leading Social Democrat, left the party and is running against the PSD candidate for mayor on the list of the small right-wing CDS.

As a result he has split the centre right vote and is strengthening the Socialist Party's chances of success.

Support for the Social Democrats has declined sharply since the last general election in 1987 when it won almost 51 per cent of the vote and an absolute majority in Parliament but Mr Cavaco Silva is still well ahead of any rival in opinion polls.

During the past year, the Government has faced a spate of strikes in the public sector as the unions joined forces to win wage rises and better working conditions. In the European Parliament elections, the PSD vote fell to the benefit of the Socialists who hope to consolidate their position by winning Lisbon and Oporto in the local elections.

Mr Jorge Sampaio, the socialist leader, is running for mayor in the capital on a joint list with the Communist Party. The socialist strategy is to build up sufficient support to deny the ruling PSD another absolute majority in 1991.

Good results in the local elections are a key element of that strategy but Mr Cavaco Silva is fighting back with a tough campaign aimed primarily at the socialists and focussing on their alliance with the Communists in Lisbon.

He says the alliance undermines the Socialists Party's democratic credentials, and he has warned that it is a precursor of an alliance that could bring the Communists close to power once again.

PSD leaders have warned of a secret pact between the socialists and the Communists, although they have given no evidence for such a pact and its existence has been strongly denied by both parties.

The Communist Party has enjoyed the controversy from the sidelines. Unlike the Socialist Party which needs to win voters both from the centre as well as from the left, the Communist Party has nothing to lose from the row.

Its support has considerably declined since the heyday of the 1975 revolution when it came close to seizing power.

It now holds on to a solid core of about 12 per cent of the vote. Mr Alvaro Cunhal, the veteran Communist leader, runs the party with a firm grip on pre-glasnost lines.

Internal dissent is frowned upon; younger reformist-minded party members encouraged by recent developments in the Soviet Union and Eastern Europe have been kept tightly under control.

Nevertheless, the choice of a successor to the ageing Mr Cunhal is already a source of internal friction within the party and is likely to provide a platform for the reformers.

The Socialists, for their part, see the alliance as a way of drawing to themselves traditional Communist supporters who have grown weary of the party's unbending adherence to increasingly outmoded and rigid policies.

The local elections will show which argument was the most convincing among an electorate which has grown tired and sceptical of the political manoeuvering and highly personalised infighting now prevalent in Portuguese politics.

Report adds strength to Delors framework

By Ian Davidson in Paris

THE BRITISH paper on an Evolutionary Approach to Economic and Monetary Union in Europe has almost certainly come too late to have any impact on the basic framework of debate inside the EC.

That framework was set by the Delors Report, which was approved at the Madrid summit in June, and has been further reinforced by the recent report of the Guigou Committee, unanimously approved by officials from the Twelve.

The committee, chaired by Mrs Elizabeth Guigou, top co-ordinator of French EC policy, was set up by France in its capacity as Community president, to prepare the ground for a conference on economic and monetary union (EMU).

The committee, attended by senior officials from national foreign and finance ministries, completed its work last week, and its 10-page report will be discussed by foreign ministers next Monday, and by finance ministers a week later.

It did not attempt to pre-empt any of the political decisions on EMU, which will have to be taken by heads of government either at Strasbourg in December, or at a subsequent inter-governmental conference.

Instead, it set out to clarify questions which governments will need to address in order to take the appropriate decisions. Among other issues, it highlights the question whether the EC would need new institutions or merely a strengthening of existing bodies, as well as whether economic policy co-ordination within the framework of economic union would require binding constraints on national budgetary policies.

The report also focuses on whether economic and monetary union would require a strengthening of the EC's democratic arrangements.

The British paper is doubtless in time to secure a place on the agenda at the two sessions of the Council of Ministers. But the tenor of the Guigou report (so far unpublished) is understood to indicate that all the other governments are satisfied with the Delors Report as the starting point for discussion.

The difference of opinion between Britain and the rest is explicitly referred to at one point. An allusion is made to the UK suggestion that there could be a different framework from that set out in Delors, but the report says this view was not shared by the other delegations.

In all other respects, however, it is understood to be unanimous. The British officials, Mr John Kerr of the Foreign Office and Mr Nigel Wicks of the Treasury, contributed actively and constructively in the work of the committee, though they repeatedly prefaced their contributions to discussion, with the caveat that their Government did not share the basic assumptions of the Delors Report.

Though the Guigou Committee made no attempt to answer the questions it posed, the French administration is apparently confident that political support for the Delors framework of EMU, and for the convening of an inter-governmental conference is widespread among member states except Britain.

Finnish PM sets face against EC membership

By Robert Mauthner, Diplomatic Correspondent

FINLAND WILL not enter into any arrangements with the European Community which would undermine its freedom to make its own decisions, Mr Harri Holkeri, the Finnish Prime Minister, said in London during a three-day official visit.

"The political freedom of my country is not for sale. Politically, we don't accept decision-making anywhere but in Helsinki," he said.

Mr Holkeri was speaking in an interview with the Financial Times in which he implicitly ruled out full Finnish membership of the Community, even in the longer run.

Mr Holkeri, who had talks with Mrs Margaret Thatcher, the British Prime Minister, on Wednesday, did not specify exactly what kind of relationship with the EC his government was looking for, other than that it wanted to be "a part of European economic integration."

"As a market economy we are dependent on free trade and our main market is in Western Europe."

However, Finland did not intend to work out its future relationship with the EC alone.

The preparatory work would be done by the European Free Trade Association (Efta) on behalf of its members, including Finland.

In the meantime, the Efta countries were trying to follow "the same rhythm" as the EC in adapting their regulations to the requirements of the European single market.

This required tens of thousands of decisions in fields ranging from banking and insurance to health regulations.

However, Mr Holkeri did not see any contradiction between "following the EC" and his own statement that decision-making remained entirely in the hands of the Helsinki Government.

The Finnish Prime Minister said the visit that Mr Mikhail Gorbachev, the Soviet President, paid to Finland last week, had not changed the relationship between the two countries in any fundamental way.

The visit was a success and clearly, glasnost had made it easier for the leaders of the two governments to talk to each other.

But when Mr Gorbachev spoke about Finnish neutrality – the first time that any Soviet leader had done so in such clear terms – that was nothing new as such, Mr Holkeri said.

"Just the way he said it was different."

Finland's own position had always been clear. "What we have tried to do is to eliminate all speculative aspects from our relations with the Soviet Union, so that Moscow is in no doubt that it has a friendly neighbour with Western values, which is neutral and committed to its own democratic political and social institutions."

Following Mr Gorbachev's visit, Finland was no more ready than it was before "to go further" along the road to European integration.

Nor would it change its attitude even if Hungary joined the European Community.

Romania impedes pact on protecting environment

ROMANIA IS delaying an international accord on the environment with objections to human rights proposals, Western diplomats at a 35-nation conference in Sofia told Reuter yesterday.

Delegates striving for final agreement on guidelines for international environmental protection said Romania had objected to proposals giving individuals and non-government organisations the right to be involved in discussions.

The three-week, due to end today, was organised by the Conference on Security and Co-operation in Europe (CSCE), which groups all European states except Albania with Canada and the US.

The forum has focused on three main issues: pollution of international rivers and lakes; the handling of harmful chemicals; and limiting cross-border effects of industrial accidents. But many delegations have also raised human rights issues and particularly the right of unofficial organisations to take part in discussion of environmental problems.

Delegates said the US, which has repeatedly criticised the human rights record of host country Bulgaria, wants the final document to include strong wording on rights issues. The US delegation has urged Bulgaria to encourage the activities of its fledgling unofficial groups in line with human rights pledges laid out in the final CSCE document last January.

Romania signed the final document in Vienna, but said later it would not implement it fully. It has also insisted that any provisions on industrial accidents be extended to include nuclear accidents – despite CSCE agreements that nuclear issues be dealt with separately by the International Atomic Energy Agency.

"They seem to be particularly concerned by the proximity of other countries' nuclear plants to their own borders," one Western delegate said.

Romania was also unhappy with a reference to Comecon in a draft text proposed by neutral states, because Bucharest resented Moscow's traditional domination of the organisation, he said.

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EUROPEAN NEWS

Full steam ahead for Siberia's permafrost express

Quentin Peel in Moscow looks at dusted down plans for a mainline railway through the tundra

THE 3,100km Baikal-Amur Mainline railway (BAM), built through the frozen wastes of Siberia for the past 15 years, will finally be commissioned next week, Soviet officials have announced.

The project, alternatively described as the Railway of the Century, or the greatest white elephant left behind by former Soviet leader Mr Leonid Brezhnev, is intended to open up vast areas of mineral-rich territory in eastern Siberia, and provide urgent relief for the over-loaded Trans-Siberian Railway.

It runs from Lake Baikal in the west to the city of Komsomolsk, on the Amur river, in the Soviet Far East, with a spur to the South Yakutia coalfield.

However to date the line has moved only a fraction of the rail traffic that was intended, and produced nothing but controversy in the Soviet media.

Built largely with the dedicated labour of tens of thousands of Young Communist activists, it has suffered chronic problems of labour desertion, supply shortages, and technical construction difficulties in the Siberian taiga and tundra, attempting to lay rail lines on permafrost.

In the end, the announcement of its opening, the day after the annual celebration of the 1917 revolution, has been a low-key, almost apologetic affair.

"We are ready," said Mr Alexei Chernyugov, deputy head of the chief operations division of the Ministry of Railways, yesterday. "We have all the staff trained and equipment that we need. It is all going according to plan."

Reports throughout the building process, however, suggest the opposite.

The official news agency, Novosti, reported five months ago that of the 45 new settlements planned along the new railway, only 12 were habitable. No work had begun on any of the "giant territorial complexes on the sites of immense natural deposits" supposed to be opened up by the new route - with the exception of the South Yakutia coal field.

About 40 per cent of the services and cultural facilities planned had not been completed.

Mr Yefim Bassin, the deputy Minister of Transport Construction, who heads the 60,000-strong BAM building team in the town of Tynda, said that although the line was ready for commissioning, "many problems remain on either side of the track."

"Industrial investment today has virtually become a hindrance to the region," *he wrote in Pravda, the Com*munist Party newspaper. Major ministries and state enterprises had failed to invest, frightened by the huge initial costs of developing new facilities in such a remote area.

He also angrily attacked the failure of state suppliers to fulfil their contracts, revealing that many demanded barter payment in much-needed plant and equipment before they would send supplies.

The railway will carry 10 to 12 pairs of trains (one in each direction) each day, with an initial capacity of 10m tonnes a year, Mr Chernyugov said.

However he refused to speculate on the prospects for substantial transit traffic being carried between Western Europe and the Far East, especially Japan, via the BAM.

"From Finland we have had requests," he said. "We are ready to take any cargo. But it will depend on the demand from Japan."

Transit traffic would be shipped through the port of Vanino, and by ferry to Sakhalin island, he said, rather than south to the ports of Vladivostok and Nakhodka.

Mr Bassin was more optimistic, saying that foreign businessmen showed more interest in the BAM zone than Soviet ministries. "They sense that profit can be made."

He said that talks had already been held with companies from Japan, the US, West Germany, Sweden, South Korea and Italy.

Through the columns of Pravda he issued an urgent appeal for Soviet enterprises to believe in the project which was once hailed as the greatest achievement of the Brezhnev years.

"In recent years we have passively observed *how the economic strength* of the countries of the Pacific region has grown - in Japan, and South Korea. Is it not about time for the (Soviet) Far East to be included in this process?"

Soviet trade chief calls for import curbs

By Quentin Peel in Moscow

URGENT ACTION to curb imports of iron and steel, pipes and tubes, and grain, in the face of a growing crisis the Soviet balance of payments, has been called for by Mr Stepan Sitaryan, the country's new foreign trade supremo.

Only days after his appointment as Deputy Prime Minister responsible for foreign economic relations, Mr Sitaryan gave a dismal assessment of the country's plight, in the face of a slump in its earnings from oil and raw materials exports.

Figures for the first nine months of the year show that a string of important exports are running way below planned levels.

These include oil and petrol, running at 47 per cent and 41 per cent respectively, machinery and equipment (46 per cent), rolled ferrous metals (36 per cent) and fertilisers (46 per cent).

Goskomstat, the state statistics committee, said that "this shortfall in the export plan for these goods will lead to a significant deficit" particularly in hard currency trade.

The extent of the hard currency squeeze is underlined by the fact that imports from capitalist countries alone rose 15.8 per cent during the nine months.

Mr Sitaryan, who was confirmed in his post on Monday in place of Mr Vladimir Kamentsev, *said the trade situation* was now "critical."

"The contribution of foreign trade in the gross national product continues to fall," he said. "Currency losses in connection with the plummeting oil price we have still not succeeded in compensating for with the export of other goods."

However, the need to import significant quantities of food and non-food products for the consumer market meant a rising foreign debt burden. "The opportunities to use foreign economic links to solve economic and social tasks are limited."

On the import side, he said, "we need to reduce sharply the purchasing on such an unjustified scale of rolled ferrous metals, pipes and tubes, and in the shortest possible time we have to put an end to this practice altogether."

In 1988, ferrous metals accounted for 2.1 per cent of total imports, or some Rbs1.37bn, and pipes and tubes for more than 3 per cent, worth more than Rbs2bn (£2bn).

He was more cautious in expressing the hope that grain imports might be stopped by the end of the current five-year plan, or the end of 1990. The Soviet Union imported an estimated 39.5m tonnes of grain last year.

Mr Sitaryan, hitherto a first deputy chairman of Gosplan, the state planning committee, said it was essential to expand exports of manufactured goods

The extent of the hard currency squeeze is underlined by the fact that imports from capitalist countries alone rose 15.8 per cent during the nine months. Mr Sitaryan said the trade situation was now "critical." The contribution of foreign trade in the gross national product continues to fall, he said. "Currency losses in connection with the plummeting oil price we have still not succeeded in compensating for the export of other goods."

and trade in services, including tourism.

"We have to engage in the export of engineering and intellectual services, and carefully examine the whole process of licensing," he said in an interview with the official Government Bulletin.

He admitted that there was a chronic shortage of trained personnel to help the thousands of Soviet enterprises now allowed to export and import directly, instead of operating through a state trading organisation.

A crash training programme is being drawn up to provide people capable of operating "on foreign markets, where there are no shortages, and no (controlled) distribution of resources, but where there is fierce competition."

Kohl abandons plan to visit Polish shrine

By Christopher Bobinski in Warsaw and David Goodhart in Bonn

POLAND'S NEW Government yesterday hosted sensitive and apparently successful talks with senior emissaries of both Germanys.

After an unexpected visit by Mr Horst Teltschik, one of the closest advisers of Mr Helmut Kohl, it was announced that the Chancellor had dropped plans to visit a controversial shrine in western Poland, scene of fighting between Germans and Poles in the 1920s.

Mr Kohl's stated wish to attend a German-language Mass at a monastery in Saint Anne's hill had cast a shadow over preparations for his six-day trip to Poland.

Warsaw also saw a brief visit from Mr Egon Krenz, the East German leader, who spoke to President Wojciech Jaruzelski and Mr Tadeusz Mazowiecki, the Solidarity Prime Minister. Mr Krenz suggested afterwards that there were lessons to be learned from Poland's reforms. "I can take a lot of good from this experience back to the GDR (East Germany)," he said.

The West German leader's travel plans had raised fears in Poland of demonstrations by local people, anxious to assert their rights as a German national minority. It has also stirred deeper worries about German acceptance of Poland's western frontier.

Mr Hartmut Koschyk, general secretary of an influential West German association grouping refugees from Germany's former eastern territories, argued earlier yesterday that the trip should go ahead.

In an interview with the FT in Bonn, he said St Anne's Hill should never have been allowed to become an issue but as it had become one, Mr Kohl should not give up the visit.

"The Communists in Poland are using this issue for their own domestic political ends."

He also stressed that the site had been a symbol of reconciliation between Polish and German Christians for almost 500 years before the bloody events of the early 1920's gave it another significance.

Threat of nationwide coal strike diminishes

THE THREAT of a concerted, nationwide coal strike seemed to be receding yesterday but there were fresh reports of local disruption, raising the prospect of fuel shortages as winter sets in, writes John Parker in Moscow.

At Vorkuta, the coal-mining region built by Stalin's prisoners inside the Arctic Circle, 11 of the 13 pits were on strike. Miners at Inta, 150 miles south-west, were holding a strike ballot.

But in the biggest coal-mining region, the Donbas, calls for an all-out strike were narrowly rejected after a symbolic two-hour stoppage. The miners were meeting to consider their next step.

With temperatures falling to minus 20 centigrade, miners in all but two of the Vorkuta pits joined fellow-workers at the region's biggest pit who have been on strike since last Friday. The stoppage has so far resulted in 113,000 tonnes of lost production.

Ignoring appeals from the First Deputy Prime Minister, Mr Lev Voronin, and the law banning strikes in the energy sector, they are demanding faster implementation of the concessions won during last summer's strike.

In an apparent attempt to ward off threats of more widespread strikes, Mr Lev Ryabev, a Deputy Prime Minister, said that 93 of those concessions had been fulfilled.

More than Rbs 1bn (£1bn) had been allocated to raise wages by up to 40 per cent for evening and night shifts. This meant an increase of 17 per cent in the subsidy paid to the industry.

Mr Ryabev admitted, however, that the Government had failed to meet some of the demands, such as its promise to send more trains to transport coal and more production materials to the mines.

In the country's second largest coal-mining area, the Kuzbas, the head of a special government commission criticised "the exceedingly slow pace of improving the management of the coal mines."

Concerns about coal strikes were brought home by statistic released this week on the unpreparedness of the country for winter.

In September, coal stocks rose by only 3.4m tonnes - 15 percent less than in September 1988. In more than half the regions of the Russian republics preparations for winter were considered inadequate. In the Ukraine, miners returned to work on Thursday after staging a series of warning strikes on Wednesday.

Palme case acquittal

A Swedish appeal court yesterday formally acquitted Mr Christer Pettersson of killing Prime Minister Olof Palme in 1986 but the case is not closed, Reuter reports from Stockholm.

The prosecutor has four weeks to appeal to the Supreme Court. Some legal experts said a new hearing seemed likely.

"We have found that the evidence is not sufficient. It has not been proved that Christer Pettersson murdered Olof Palme," said Judge Birgitta Blom. The unanimous verdict had been expected after the court released Pettersson three weeks ago pending its formal ruling.

Poland's arrears no block to rescheduling, creditors say

By Stephen Fidler, Euromarkets Correspondent

POLAND HAS been told by Western creditor governments that its significant arrears to them will not stand in the way of an expected rescheduling of its debts to them.

The decision, by a meeting last week of the Paris Club of creditor governments, in effect formalises Poland's substantial arrears and is meant to express support for the new Solidarity-led Government in Poland.

In a letter to the new Government, the Paris Club also urged Poland to finalise remaining bilateral agreements on rescheduling maturities up to 1988, agreed in principle by the Paris Club.

A rescheduling of 1989 and 1990 maturities will have to await agreement with the International Monetary Fund on a standby programme. An IMF team is currently in Poland and an agreement which would clear the way for an IMF loan of up to $700m, and subsequent World Bank credits, is hoped for.

"The decision recognises the status quo and means we are ready to discuss a full rescheduling when a Fund programme is negotiated," said one western official.

Poland has only met a small part this year of its scheduled interest payments on its $41bn of external debt. For the first time, it has also delayed interest payments in the final quarter of this year due to the commercial banks.

OVERSEAS NEWS

Nehru's sacred cow under threat

Hindu fundamentalists threaten India's secular dream, writes David Housego

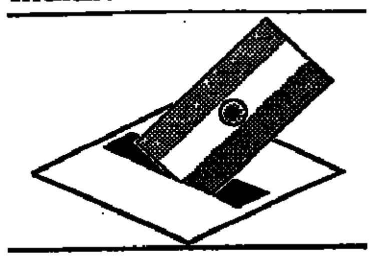
THE HINDU fundamentalist movement, whose new militancy has been a strong factor behind clashes between Hindus and Moslems in northern India, has until now lacked a strong representation in parliament. But in the new Lok Sabha it could have a number of seats.

Mr L.K Advani, president of the Bharatiya Janata Party (BJP), the political arm of Hindu militancy, says: "We don't see any single party getting an overall majority in the new parliament." The BJP's strategy is to win a substantial number of seats so that it can provide a "stabilising nucleus in Indian politics". In the event of a hung parliament it would hope to be able to use its strength to have some of its policies adopted by a coalition government.

Some of Mr Advani's supporters have much more ambitious goals. They believe that with Hindu revivalism still gathering momentum and Hindus accounting for 83 per cent of India's 800m population, the BJP could one day form a government on its own. If that ever happened it would be farewell to the secular ideals that Jawarhlal Nehru bequeathed to the country.

Moslems (about 12 per cent of the population) and the secular left-wing parties have been watching

Indian Elections



the BJP's advance with alarm. Well-organised and disciplined, the party made a strong showing in municipal elections in northern India earlier this year. It is on the basis of this that the BJP has been pressing for a substantial number of seats in talks with opposition parties over arranging a one-to-one contest with Congress in most constituencies.

It has also been riding the wave of Hindu revivalism reflected in the growing momentum of the campaign to reclaim into Hindu ownership the Babri Masjid (mosque) at Ayodhya and build a new Hindu temple there. Hindu militants believe that the Moghul emperor erected a mosque in the 16th century on the site of the birthplace of Lord Ram, one of the major gods in the Hindu pantheon. The campaign to lay the foundation stone for a new temple at Ayodhya has become the most explosive issue between Moslems and Hindus in northern India.

Like the proverbial grin on the face of the Cheshire cat, the BJP's real identity is hard to pin down. Its roots go back to the 1950s when it helped organise campaigns against cow slaughter and against Congress policies seen to favour Moslems – drawing its strength from the Hindu trader class in the towns. It has always had close links, and often overlapping membership, with the two most fundamentalist Hindu groups, the Rashtriya Swayamsevak Sangh (RSS) and the Vishwa Hindu Parishad (VHP) – the worldwide Hindu movement.

But in joining the Janata government of 1977 – the last time the opposition was in power – it sought to broaden its membership by accepting the Janata's socialist and secular ideals. Its best known leader, Mr A.B. Vajpayee, a former foreign minister, is seen as a moderate on communal issues.

But over the last year the party has reverted to its traditional doctrines and become more openly anti-Moslem. The rallying cry of Hindu fundamentalists – "Say with pride that we are Hindus" – is heard more often at its meetings.

Its new programme contains three measures seen as hostile to Moslems: support for the building of a new Hindu temple at Ayodhya, the ending of Kashmir's special status as a Moslem-dominated province, and the abolition of the minorities commission intended to protect Moslems' rights.

This shift to a more fundamentalist stance coincides with the success the VHP has had in spreading Hindu revivalism across northern India. The clearest sign of this are the large Ramshila processions organised in each town and village to sanctify bricks that will be taken to Ayodhya. But other evidence is the immense popularity of television series on Hindu epics such as the Mahabharata or the Ramayana which drain the streets of traffic when they are on.

Mr V.H. Dalmia, the working president of the VHP, dates the revival of Hindu consciousness to attempts by wealthy Moslem organisations to win converts in Tamil Nadu in south India in the early 1980s. This "onslaught", he says prompted Hindus to retaliate with a campaign of taking mobile temples into every village. Mr Dalmia condemns what he describes "as the appeasement to Moslems that has been going on in this country" since independence.

A supporter paints Rajiv Gandhi's portrait on a hoarding in the central Indian town of Nagpur

He denounces Congress governments for allowing Moslems concessions over their personal law, religious education and pilgrimage travel which are not available to Hindus. He claims that Hindus have become "second-class citizens" in their own country.

All the other parties in the opposition, from Mr V.P. Singh's Janata Dal to the left-wing parties and the Moslems condemn the new militancy of the BJP. On the other hand they know that without the support of the BJP and an understanding with them over seat agreements they have no chance of defeating Mr Gandhi.

Some leaders of the BJP explain their shift towards an increasingly militant stance as part of a strategy agreed within the opposition. On this reading the BJP's task is to reap the Hindu militants votes which Mr Gandhi might otherwise win as he did at the last election by playing the Hindu card in exploiting his mother's martyrdom.

Though this may be a factor in their calculations, their long-term goal is certainly a Hindu Rashtriya – a government motivated by Hindu ideals and objectives.

The three domes Moslem mosque at Ayodhya

Where every party is the People's Party

K. K. Sharma tracks who's who in the bewildering array of Indian political parties

INDIA'S election scene can be confusing, even to candidates, not least because of the bewildering array of parties, three of which, unhelpfully, are known by Hindi variations of People's Party.

Nearly all claim to be socialist, democratic and secular, since these are considered basic political requirements, and there are few ideological differences among them. Most are regional parties, with their base in particular states, but all aspire to national status.

The best known is Mr Rajiv Gandhi's ruling Congress Party. It is the only really national party, with an organisational base (though not necessarily support) all over the country.

Drawing its lineage from the Indian National Congress that won the country's independence in 1947, the Congress is now a vastly changed organisation. Since Mrs Indira Gandhi headed it and changed its character during her 19-month emergency rule from June 1975, the Congress has lost its democratic character and has been dominated by the Gandhi (née Nehru) family.

Party elections have not been held for more than 15 years and all posts are filled by nominations by Mr Gandhi who became its president after the assassination of his mother in 1984.

Mr Gandhi is, in fact, the Congress. He decides what its policies will be and who will be its central and state leaders. He appoints office-bearers and candidates and he doles out party funds.

The state election committees formed by Mr Gandhi when elections were announced dutifully adopted one-line resolutions authorising him to select the party's candidates. All the party's policy-making bodies and various wings function in much the same manner.

The Congress professes to be a left-of-centre party. However, while Mr Gandhi like everyone else pays lip service to socialism, he has greatly eased government's control over the private sector in the last five years.

The Congress has conceded less than 20 seats to minor allies in some states such as Kashmir and Tamil Nadu but will field candidates in all the other constituencies.

Congress has always won a majority because minority parties have split the opposition vote

The Congress's main opponent is the National Front of five regional groups. The Front is led by Andhra's chief minister, Mr N.T. Rama Rao, who took the initiative to forge opposition unity last year. Previous elections showed that the Congress always won a majority of parliamentary seats on a minority vote as the many opposition parties split the anti-Congress vote.

The National Front's aim now is to ensure straight contests in as many constituencies as possible. To the extent that it is successful could well decide the outcome of the election.

The National Front's main constituent is the Janata Dal (People's Party) led by Mr V.P. Singh, Mr Gandhi's former cabinet colleague and now his chief opponent. The Dal is formed mostly by former Congress leaders and its policies are similar to the ruling party's although, in deference to other regional parties that are members of the Front, it emphasises decentralisation and state autonomy.

The Janata Dal has never been tested in elections but its main base is in the key north Indian Hindi heartland. It was formed a few months ago by the merger of four main groups. These were Mr Singh's Jan Morcha (People's Movement Against Corruption), the remnants of the Janata Party that ruled India from 1977 to 1979, the Lok Dal, a northern party with its base among farmers, and a small splinter group of former Congress leaders who broke away from Mrs Gandhi.

Janata Dal leaders, with the possible exception of Mr Singh, are not national figures. Like Mr Ajit Singh of the Lok Dal, some draw their strength from a previous generation (he is the son of the late Mr Charan Singh, former Prime Minister and a farmers' leader).

The merger has not been smooth and leaders of various groups openly quarrel with each other over petty issues.

Other partners of the National Front are the Telegu Desam, led by Mr Rama Rao, with its base limited to the south Indian state of Andhra, and the Assom Gana Parishad of student leaders who rule the north-eastern state of Assam, where parliamentary elections will be held in January next year.

Thus, it is mainly the Janata Dal among the National Front's constituents that is in the fray in the northern Hindi heartland and in the two south-western states of Maharashtra and Gujarat.

Apart from Andhra and Karnataka (where the Janata Party government was dismissed earlier this year by Mr Gandhi), the National Front has no base in the south or in the eastern state of West Bengal. Here it has made electoral adjustments with the main Indian communist party known as the Marxists who, with other minor left-wing partners, form governments in West Bengal and Kerala states.

The other party with a distinct identity with which the National Front has

The opposition merger has not been smooth and there are frequent squabbles over petty issues

made deals on seats is the Bharatiya Janata Party (BJP) – another People's Party – a conservative group that stands for Hindu revivalism. Although the BJP is contesting elections in most states, its strength is also primarily in the Hindi heartland and hence the importance of seat agreements with the Janata Dal.

The BJP's strong Hindu fundamentalist policies has made seat agreement difficult. Its sworn enemies are the Marxists who put pressure on the Janata Dal not to ally itself with the BJP.

Nevertheless, seat agreements have been successfully made in four-fifths of the constituencies and Congress will face straight contests with candidates of the National Front, the Bharatiya Janata Party and the Marxists.

Opposition leaders jubilant

By K.K. Sharma in New Delhi

JUBILANT leaders of various Indian opposition parties announced yesterday that they had been largely successful in ensuring that the ruling Congress Party candidates face straight one-to-one contests in most parts of the country in elections later this month.

They believe this development is decisive in ensuring the defeat of Mr Rajiv Gandhi's Congress since experience has shown that multi-cornered contests divide the opposition vote and benefit the ruling party.

"The death knell of the Congress has been sounded", said Mr M.M. Joshi of the Bharatiya Janata Party (BJP), which is riding on a wave of Hindu militancy reflected in the campaign to reclaim ownership of the Babri Masjid (mosque) at Ayodhya and build a new Hindu temple there.

The announcement came after last-minute discussions between leaders of the Janata Dal, the main opposition party and an important constituent of the National Front, and their counterparts in the BJP on withdrawal of candidates in some key constituencies in the politically important Hindi heartland of north India.

Some candidates from both parties withdrew just before 3pm yesterday, the limit for withdrawals, to make possible the straight contests which will now be held in more than 400 of the 529 constituencies of the Lok Sabha (lower house) where polling is to be held from November 22.

Barring a few constituencies in Uttar Pradesh and Bihar, straight contests will be held in the entire north Indian Hindi-speaking belt. Similar adjustments have been made by the National Front with the Marxists in West Bengal and in most south Indian states where the left-wing parties have their strongholds.

The only states where seat adjustments among the opposition parties have not succeeded are Maharashtra in south-east India and Karnataka in south India. These are important states but are overshadowed by the successful adjustments in the rest of the country.

Doubts persist over poll to elect Lebanese president

By Lara Marlowe in West Beirut

DOUBTS persisted yesterday about the feasibility of holding a parliamentary session aimed at electing a new Lebanese president. This was in spite of the announcement by Mr Hussein Husseini, speaker of the Lebanese parliament, that one will take place tomorrow at the Villa Mansour on Beirut's green line.

Mr Husseini's statement, issued on Wednesday appeared to be an effort to pre-empt threats by Gen Michel Aoun, the interim Prime Minister of one of two rival governments in Lebanon, to dissolve the parliament he has accused of betraying the Lebanese people.

Gen Aoun threatened to "punish" deputies who accepted the Taif agreement in Saudi Arabia last month without achieving the withdrawal of 40,000 Syrian troops from Lebanon.

Yesterday Mr Husseini's surprise move seemed to have had its desired effect. Gen Aoun cancelled a press conference at which he had been expected to dissolve the parliament which was elected in 1972. However, Lebanese moderates who are helping to carry out the Arab League's peace plan feared that the Shia Moslem speaker of the house may have spoken too soon. They would have preferred that he schedule the session closer to the Tuesday deadline set by the Arab League.

Nearly two weeks after 58 Lebanese deputies agreed in Saudi Arabia to accept the new national charter, only a handful have returned to Lebanon. They have been frightened by threats from Islamic extremists as well as from Gen Aoun and his supporters.

Many Lebanese are sceptical that enough deputies can be persuaded to return by tomorrow to achieve the necessary quorum. Two parliamentarians, Mr Georges Saadeh, the leader of the Christian Phalange party, and Mr Khazem al-Khalil, the 88 year-old doyen of the Lebanese parliament said they would travel from Paris to meet Gen Aoun today at the presidential palace in Baabda. Gen Aoun has insisted that all of the deputies who went to Saudi Arabia last month come to East Beirut to confer with him.

The Arab League peace plan leaves the Lebanese presidency in the hands of the Maronite Christians, albeit with diminished power. As possible presidents, the names of Rene Moawad, Elias Hraoui and Michel Younis are now favourites in Beirut.

None of the half dozen or so maronite candidates are particularly well known or well loved, but many Lebanese feel that the establishment of a single government after 13 months without a head of state is more important than the identity of the man to be elected.

Namibian election fears ease

By Michael Holman, Africa Editor

FEARS that Namibia's transition to independence might be disrupted eased yesterday as South Africa failed to substantiate allegations that Swapo guerrillas had crossed into the territory from neighbouring Angola.

South African officials appeared to be backing away from the charge, and President de Klerk himself moved to defuse the issue, saying in a statement that too much was at stake to allow the peace process to collapse. The allegations were made on Wednesday by Mr Pik Botha, the Foreign Minister.

Western diplomats yesterday reinforced denials from the UN force monitoring the border. Swapo, the nationalist party expected to win next week's independence elections, said no incursion had taken place.

Sir Robin Renwick, the British ambassador to South Africa, stressed the dangers of unilateral action by any party. He said such anyone taking such action "would be likely to pay an extremely heavy price for doing so." A British spokesman said yesterday : "We have seen nothing to corroborate the allegations that Mr Botha made."

South African intelligence, elaborating on Mr Botha's claim, said Swapo had infiltrated some 1,000 guerrillas into Namibia over the past 14 days, apparently to intimidate voters.

In Windhoek yesterday Swapo said the party's guerrillas were in Angola 90 miles north of the Namibian border, as required by the UN settlement plan for the territory.

Mr Fred Eckhard, a spokesman for the 6,500 strong UN monitoring force, said the situation in the north "is exceptionally calm." He described messages between UN posts about the alleged incursion, cited by Mr Botha when making the allegation on Wednesday, as "phoney in content and format."

Yesterday Mr Botha appeared to back away from his claim when he said that he would be satisfied if the publicity given to his accusations "leads to no further (guerrilla) activity." General Jannie Geldenhuys, the defence minister, also moved to contain the dispute, saying it must be resolved by diplomacy not war: "We are not looking for a scrap. We want to avoid one."

● South Africa has provisional plans to free black nationalist leader Nelson Mandela in January, government sources said yesterday, Reuter reports from Johannesburg. "The planning is for January," but he emphasised that no specific date had been set.

Japan's trade surplus falls by 22 per cent

JAPAN'S current account surplus fell in September for the seventh successive month, tumbling 22 per cent from a year earlier to $5.91bn, the Finance Ministry said yesterdy, Reuter reports from Rome. Analysts said the figure ensured that the surplus for the financial year to next March 31 would be far below the government's original forecast.

"I didn't think it would decline this much in September," said Mr Matthew Berlow, economist at Credit Lyonnais Alexanders Laing and Cruickshank Securities Japan. "But it is still in line with the current trend."

The current account surplus, which measures trade in both goods and services, totalled $28.92bn for the first half of the financial year. The government had predicted $71bn for the full year.

Peking bribe-takers turn themselves in

More than 1,500 people in Peking and Shanghai have turned themselves in for embezzlement, taking bribes and other economic crimes during a campaign that ended this week, newspaper reports said yesterday, AP reports from Peking. Three-hundred and forty people confessed to such crimes in Peking during a 10-week period set by the government, the Peking Daily reported.

Sudan rebels ignored

Sudan's military leader, who has vowed to crush southern rebels, challenged them yesterday by adopting proposals which ignore their conditions for ending six years of civil war, Reuter reports from Khartoum. General Omar Hassan al-Bashir said that his junta had accepted a federal system of government proposed by a recent peace conference.

The rebel Sudan People's Liberation Army has demanded a system of confederation.

Suave QC who plagues Peking

John Elliott profiles Hong Kong democracy campaigner Martin Lee

MR MARTIN Lee has made a name for himself as a Queen's Counsel, carefully groomed, with a prosperous Hong Kong clientele. His seven-year-old son is down for Ampleforth, one of the UK's top Roman Catholic public schools. But Mr Lee, 51, is also a political firebrand and has been accused by Peking of sedition – and that makes him one of the most controversial people in the British colony, which returns to Chinese sovereignty in 1997.

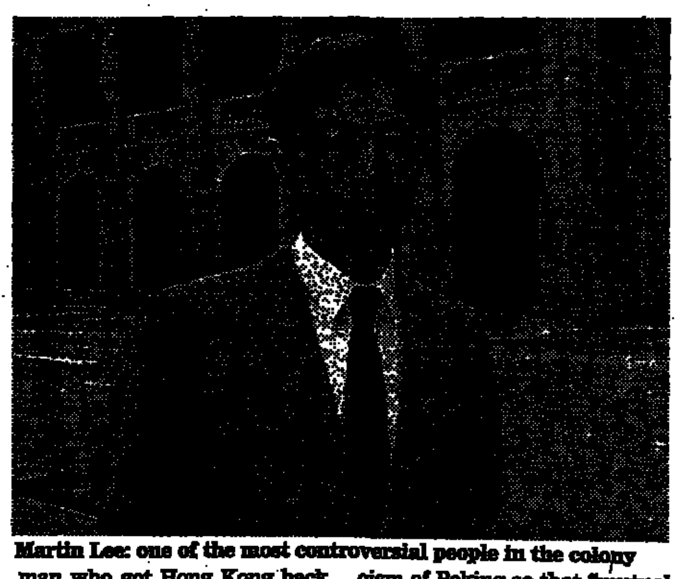
"It's all about controlling people, despite China's past promises of a high degree of autonomy here after 1997," Mr Lee said yesterday. "China wants to control freedom of speech and the press and indeed all the people of Hong Kong, even if it means turning this vibrant city into a barren rock. If there is still some prosperity in Hong Kong when they have done that, then that is a bonus."

These remarks came as a reaction to Peking's decision to expel Mr Lee, and a fellow leading democratic campaigner, Mr Szeto Wah, from its Basic Law Drafting Committee which will be finalising Hong Kong's post-1997 mini-constitution during the next few months.

Mr Lee says he will carry on with his campaign undeterred and he denies a widely held view that he has been quietened by Peking's sedition accusations. He says there is less need for him to speak up now that the British and Hong Kong governments are attacking Peking. He also claims he is adopting a more collective and less outspoken role because he is trying to form a political party with other liberals.

Peking's move against the two men, and its crackdown on Hong Kong, is seen as part of its broad offensive against Western countries in the wake of the Tiananmen Square massacre. In particular, it is determined to stop Hong Kong being, in its view, a centre for subversion bent on overthrowing the Chinese leadership.

"Deng Xiaoping wants to be remembered in history as the man who got Hong Kong back for China 150 years after the Opium Wars, but not at the price of the Hong Kong people bringing down his government," says Mr Lee.



Martin Lee: one of the most controversial people in the colony

Together with his fellow liberals, Mr Lee is refusing to wind up the Hong Kong Alliance in Support of the Patriotic Democratic Movement in China, which was founded in the summer and still has HK$20m (£1.6m) donations in the bank. In an attempt to force it to close down, China is bringing pressure to bear from various directions, including lobbying the Hong Kong government. It has already persuaded various member organisations to leave, including one from the Roman Catholic church.

"If we pack this up, the freedom of expression will not survive in Hong Kong," says Mr Lee. "China always looks for the biggest conflict to attack and when it has solved that, it then looks for the second biggest. The Alliance is top of the list, if it goes they'll go for something else – the liberals and the press."

Mr Lee does not agree with fellow politicians and Sir David Wilson, the governor, who recently appealed for people to show "self restraint" in criticism of Peking so that "mutual trust" could develop. "Once you draw that line, you are giving up some rights of freedom of expression," he says.

Mr Lee has paid a personal price for his rise to fame. He receives anonymous threatening telephone calls and has not been able to take lucrative long-running law cases. He also faces the risk of arrest if he tries to go to China.

Since the sedition charge scared people, Mr Lee has found it more difficult to muster open political support.

"The other day at a rally people would not come into the arena where we were making speeches and they held papers over their faces when press photographers arrived. People are frightened of reprisals after seeing China's television during the crackdown on the students".

Drafting of the Basic Law is solely the responsibility of Peking's National People's Congress, which set up the Basic Law Drafting Committee four years ago as part of what it then described as "democratic consultation." Originally it chose 23 people from Hong Kong to sit alongside 36 from Peking, more than 10 of whom were aged over 75. Deaths, resignations and the dismissals have reduced this to 18 and 38.

The Hong Kong side includes people with pro-Peking views as well as prominent businessmen like Mr Li Ka-shing and Sir Y.K. Pao, who control the Hutchison Whampoa and Wharf groups, and Mr David Li of the Bank of East Asia. By also including less well-known critics like Mr Lee and Mr Szeto, and by setting up a parallel consultative committee in Hong Kong, Peking earned some praise for displaying more openness than had been expected.

But the mood changed this summer. Two members of the committee protested against Peking's handling of the students' movement and resigned in May and June. They were the Reverend Peter Kwong, Anglican Bishop of Hong Kong and Macao, and Mr Louis Cha, publisher of the Ming Pao newspaper, who had earlier been attacked by liberals for helping to slow down the introduction of universal franchise in the last draft of the Basic Law.

In practical terms the absence of Mr Lee and Mr Szeto for the final drafting sessions are likely to be of little importance because Peking is not expected to be willing to make any significant concessions on the existing clauses. They have only had a marginal debating impact in the past because Peking dominates the voting, where a two-thirds majority is always needed.

"I will be very surprised if any members of the Hong Kong side dare to vote 'No' against anything Peking wants," says Mr Lee. And what would happen when, as is expected, the final Basic Law appears with no improvements on Hong Kong's democracy or autonomy? "I don't think people will dare go out and demonstrate. We might burn it, but people won't dare come out and join us."

But what really happened would depend on the strength and self-confidence of the Peking leadership. "The safer they feel, the more freedom Hong Kong will be allowed", says Mr Lee.

OVERSEAS NEWS

Turning talk into reality on the Pacific Rim

Chris Sherwell on a drive to boost regional co-operation

MARK TWAIN'S famous complaint about the weather – that everyone talked about it but no one did anything about it – has applied for years to the notion of Asia-Pacific co-operation. By Tuesday, that may have changed.

On Sunday, some 24 ministers from 12 countries on the Pacific Rim gather for three days in Canberra to discuss what they call "an idea whose time has come." Their aim, according to Mr Gareth Evans, Australia's Foreign Minister, is to "shift the concept out of the realm of aspiration and into areas of practical achievement."

Representing the US will be Mr James Baker, Secretary of State, Mrs Carla Hills, US Special Trade Representative, and Mr Robert Mosbacher, Secretary of Commerce. From Japan will come Mr Taro Nakayama, Foreign Minister, and Mr Hikaru Matsunaga, Minister for Trade and Industry.

Gareth Evans: seeking practical achievement

There will be four ministers from Indonesia, three from Australia, and two each from South Korea, Singapore, Brunei and Thailand. Also represented will be Canada, Malaysia, New Zealand and the Philippines. Observers from existing regional organisations will attend as well.

Impressive as this is, history suggests scepticism is in order. Is there a more diverse range of peoples, languages, cultures, economies and alliances than those of the amorphous Asia-Pacific region, however defined? Surely they share more common antagonisms than identities?

On the other hand, look at the statistics for the 15 key countries, embracing 1.9bn people – namely the US and Canada; Japan and South Korea; China, Taiwan and Hong Kong; the six nations of Association of South East Asian Nations (Singapore, Malaysia, Indonesia, Thailand, the Philippines and Brunei); and Australia and New Zealand.

In the 10 years to 1987, this group's share of world output jumped to 44 per cent from 40 per cent, and its share of world trade to 39 per cent from 33 per cent. Of that trade, two-thirds is among themselves. The comparable figure for European Community intra-regional trade is 60 per cent.

Of the 15, only China, Taiwan and Hong Kong will not be represented at Canberra. But no one doubts their future inclusion. Nor the likely participation of Vietnam and the Soviet Union, holding out even greater potential.

The seeds of more formal Asia-Pacific co-operation are therefore plentiful. It is the climate which, hitherto, has hindered its flowering. The most successful regional organisation is Asean, and especially the formal "dialogue" begun with its trading partners in 1984. The Pacific Economic Co-operation Conference (PECC), initiated by Japan and Australia in 1980, is another.

The Canberra gathering offers the prospect of a fuller bloom, because the growing interlinkages within the region, plus the Pacific region's evident outpacing of the Atlantic, have coincided with crucial multilateral trade negotiations and a decline in East-West tensions.

The meeting is the result of an initiative by Mr Bob Hawke, the Australian Prime Minister, launched in Seoul in January. It had an inauspicious start. The US was initially not included. Japan had its own proposals on the table. And the Asean countries feared their own organisation would be marginalised.

Months of patient effort, together with a determination to move slowly through consensus, have calmed their concerns. Doubts persist, of course. Foreign Ministers are less positive than Trade Ministers.

Within Asean, free-trading Singapore is more enthusiastic than Indonesia or Malaysia. Possible dominance by Japan or the US is a worry for everyone. And outside, the European Community is deeply suspicious.

But the group's initial goals, being strictly limited, foreshadow a diplomatic success. The first – an agreement to meet again – is virtually settled. Asean has already offered to host a second gathering, no doubt to keep a close eye on the grouping's evolution. South Korea says it will host a third.

The second – "institutionalising" the arrangement – is more problematic. Talk of a Pacific OECD has raised fears of a giant new regional bureaucracy, with its high costs and inevitable squabbles over location. The meeting may simply agree that a small number of officials should act as a focus for further co-operation, akin to the "Sherpa" arrangements for Group of Seven summits.

The group's broader aim is to reinforce the region's positive trends by promoting co-operation in areas like telecommunications, shipping, energy and fisheries, and encouraging much-needed trade liberalisation, both in the region and globally.

For example, Japan and Korea are highly protected against agricultural commodities from efficient producers like Australia, New Zealand and Thailand. With motor vehicles, it is Japan and Korea which are efficient while Australia is protectionist. In clothing and footwear the regional equation is different again.

The biggest worry is whether the Canberra meeting marks the first step towards a new global trading bloc. Australia, which sees its long-term future in free trade and with Asia, insists it is not. But if the world moves further down the protectionist path, everyone knows it could be.

What actually happens will depend on the biggest assumption of all: that these countries can actually rise above their individual prejudices.

Australian bank debt ratings under review

By Chris Sherwell in Sydney

MOODY'S Investors Service, the US ratings agency, has aimed another sideswipe at the Australian economy by announcing a "review for possible downgrade" of the debt ratings of two of the country's largest commercial banks.

The review concerns deposits and securities in Westpac Banking Corporation and the National Australia Bank. Moody's said the move was prompted "by concern about a future deterioration in domestic asset quality resulting from currently high real interest rates, as well as the possibility of a sharp economic downturn."

The announcement follows the agency's decision in August to downgrade the country's credit rating to Aa2 from Aa1. At the time it cited continuing current account deficits and increasing foreign debt, and highlighted excessive domestic demand and insufficient economic restructuring.

Last month Standard & Poor's, the other major US agency, also downgraded Australia's rating, to AA from AA+. It too pointed to Australia's growing foreign debt, which stands at A$108bn (£53.4bn) net, or 32 per cent of gross domestic product – the third highest in the world.

Moody's move, coming ahead of annual profit announcements by the banks, affects a total of US$2.7bn in debt. Under review are the Aa2 rating for National Australia Bank's senior debt, the Aa3 rating for both banks' subordinate debt, the Aa2 rating for both banks' long-term deposits, and the 'a1' rating for Westpac's non-cumulative preferred stock.

In May, when Moody's announced its plan to review Australia's rating, the government publicly questioned its professionalism and competence. An indignant Mr Paul Keating, the Federal Treasurer, refused to give the agency access to Treasury officials.

The concern about the banks springs from the fact that Mr Keating has been tightening monetary policy for the past 18 months. Top-quality borrowers are paying well over 20 per cent interest on their loans, or a real rate of more than 12 per cent. Companies, and especially highly-leveraged entrepreneurs, have come under intense financial pressure.

AMERICAN NEWS

PAN provides first non-PRI state governor in 60 years

Mexican opposition man sworn in

By Richard Johns in Mexico City

MR ERNESTO Ruffo Appel of Mexico's National Action Party (PAN) was yesterday sworn in as governor of the state of Baja California Norte, the first from an opposition party to take such office in 60 years.

Mr Ruffo was sworn in in the presence of President Carlos Salinas de Gortari, who flew to Mexicali after delivering his first *Informe*, or state of the union message, on Wednesday.

The head of state's attendance at such an event was intended to emphasise his commitment to an element of political pluralism and his search for a consensus going beyond the confines of the divided ruling Institutional Revolutionary Party (PRI).

Relations between the Federal government and Baja California Norte will be a unique test case – or "a laboratory of experiment" in the words of Mr Carlos Castillo, the PAN's leading ideologist.

The issue has already been discussed by Mr Salinas and Mr Ruffo, who was elected in a landslide victory on July 2.

At his inauguration Mr Ruffo asserted that the people of the state had "decided to prove that democracy and federalism are possible. What we have done and what remains for us to do must be a far-reaching burden for all Mexicans."

"We are under no illusions about the complexities and difficulties at this moment of transition in which a part has just expired and a feature has not yet been completely born," Mr Ruffo emphasised.

During Mr Salinas's *Informe*, PAN delegates remained silent while PRI representatives applauded and left-wing opposition members voiced disapproval over his references to electoral reform.

The PAN is also vigorously protesting at what it claims to be electoral fraud – the PRI's claim to have won the seats for the cities of Mazatlan and Culiacan in the October 8 election for the state legislature of Sinaloa.

Certainly a high level of support from the federal government and collaboration will be required because of the legacy bequeathed to the 37-year-old Mr Ruffo by previous PRI administrations.

While ensuring a hotly disputed PRI win over the centre-left Party of Democratic Revolution in Michoacan on July 2, the ruling party could not deny the PAN victory in Baja California Norte in the polls conducted on the same day. The conservative opposition party was adjudged to have won 15 of the 19 directly elected seats of the legislature.

Mr Ruffo faces immediately the problem of a 25 per cent wage increase granted to state workers by the outgoing PRI government – inexplicably given the central administration's policy of wage restraint.

Managua renews fight against Contras

By Tim Coone in Managua and Lionel Barber in Washington

THE Nicaraguan army launched a military offensive against the US-backed anti-government Contra rebels on Wednesday, despite US calls on the Sandinista government to halt attacks.

However, the Bush Administration has continued its low-key response to this week's suspension of the cease-fire in Nicaragua, and US officials have avoided any hint that President George Bush might be prepared to seek new military aid for the Contras.

The attacks were launched against an estimated 3,500 US-backed Contras operating in the northern and central provinces of the country.

The full weight of Nicaragua's war machine was set in motion once again just hours after President Daniel Ortega announced on Wednesday that a 19-month unilateral ceasefire would not be renewed this month, because of an increase in Contra attacks in recent weeks.

According to Lt Col Rosa Pasos, the Nicaraguan army spokeswoman, offensive "search-and-destroy"-type operations have been renewed by specialised counter-insurgency battalions in the provinces of Jinotega, Matagalpa, Boaco, Chontales and Zelaya Central.

She said that in recent weeks 1,500 more Contra troops had infiltrated these regions from their Honduran sanctuaries, where most of the 12,000-strong army is based. There are now 3,500 to 4,000 Contras operating in Nicaraguan territory, she said, adding that the two-fold increase was the reason behind the sudden upsurge in guerrilla attacks in the past two weeks.

Mr Bernard Aronson, the senior State Department official responsible for Latin America, stressed in television interviews that the US would be prepared to examine Sandinista charges that Contra violations of the truce prompted the renewal of hostilities.

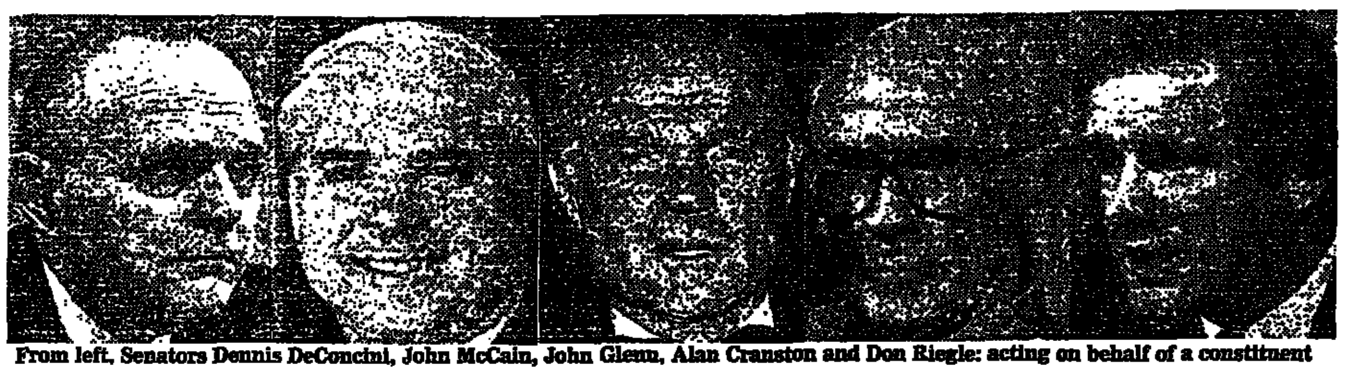
Mr Aronson also made clear that the US did not have "total control" over Contra forces operating in Nicaragua. "I'm not going to say that no incidents have taken place because some probably have... but if the Nicaragua government was sincere about the cease-fire it would not be sending its army out on regular attacks against these peasants."

Under the Tela summit agreement of last August, the five Central American presidents agreed that the Contra army must by demobilised by December 5, 12 weeks before general elections in Nicaragua.

The White House said the US was committed to next February's elections in Nicaragua. US officials said the suspension of the cease-fire cast doubt on Mr Ortega's pledge to hold elections but they acknowledged that the Sandinistas were pressing to ensure that the Contras are demobilised and repatriated before the elections – a goal the Contras are resisting.

The US argues strongly that the process should be voluntary and that it requires "direct contact" with the resistance and the Sandinistas to take effect.

This could occur next Monday if the emergency meeting of the International Verification commission – made up of the United Nations and the Organisation of American States – goes ahead. In a conciliatory, almost even-handed statement yesterday, the White House said that repatriation and reintegration of the resistance "can only go ahead if there is a good faith effort by all sides".



From left, Senators Dennis DeConcini, John McCain, John Glenn, Alan Cranston and Don Riegle: acting on behalf of a constituent

Senators entangled in collapse of S&L

By Lionel Barber in Washington

FIVE US Senators have become entangled in an unfolding congressional and federal investigation into the collapse of a California savings and loan (S&L) institution likely to cost taxpayers more than $2bn (£1.3bn).

The failure of Lincoln Savings and Loan Association of Irvine, California, is one of the more revealing tales of financial intrigue which permeates the savings and loan debacle.

But it also offers an insight into the US political system, where senators and congressmen are caught up in a perpetual campaign to raise money to fight the next re-election battle and are therefore increasingly vulnerable to being "bought" by wealthy contributors.

The Lincoln story begins with a businessmen called Charles Keating, an Arizona land developer who bought the Irvine Savings and Loan in 1984. Like many of his fellow entrepreneurs-turned-thrift executives, Mr Keating spotted loop-holes in the law which allowed thrifts to diversify away from mundane mortgages into risky but potentially more profitable investments such as real estate and junk bonds – while being backed by federal deposit insurance.

By March 1986, the San Francisco branch of the Federal Home Loan Bank Board began investigating Lincoln's activities and sought to shut it down on the grounds of bad loans and questionable business and accounting practices.

But Mr Keating had powerful friends in Washington, notably five US senators to whom he had contributed directly and indirectly more than $1.3m: Senator Alan Cranston, Democrat of California ($897,000); Senator John Glenn, Democrat of Ohio, the former US astronaut ($234,0000); Senator Don Riegle, Democrat and chairman of the senate banking committee ($76,100); and the two Arizona senators, Mr Dennis DeConcini, a Democrat ($55,000), and Mr John McCain, a Republican ($125,433).

Each senator denies impropriety, and defenders say they were only acting on behalf of a constituent with business interests in their states. But at two meetings with regulators (Mr Riegle only attended the second), they sought to argue Mr Keating's case: that he was being harassed by overzealous bank examiners.

Mr Keating agrees. Asked whether he thought his campaign contributions had influenced the senators to take up his cause, he said: "I want to say in the most forceful way I can, I certainly hope so."

The regulators got the message. When Mr Danny Wall (himself a former top aide to Republican Senator Jake Garn) took over as chairman of the Federal Home Loan Bank Board, he transferred responsibility for Lincoln from San Francisco to Washington. Critics argue that this delayed necessary action on the case. The result: the federal guaranteed cost of paying back Lincoln's depositors almost doubled to $2.5bn, the nation's costliest thrift bail-out.

Mr Wall is due to testify to the house banking committee next week about the Lincoln failure. Mr Henry Gonzales, the Texas populist who chairs the committee, has already said that Mr Wall "willingly cut the legs out from under his regulatory troops in the middle of the battle", and has renewed his call for him to step down from his job.

Meanwhile, the committee faces the tricky task of probing where few of their colleagues have previously dared to tread: the lobbying activities of US senators. It is, one House staff member said this week, "the most extraordinarily sensitive situation".

Personalities beat politics in messiah stakes

Ivo Dawnay on Brazil's populist presidential candidates

POOR Brazilians, like many other Latin Americans, yearn for messiahs – the visionary politicians who will lead them out of the mire to an eternally-promised, eternally-undelivered, affluent future.

Now, with less than two weeks to go before the first free presidential elections in 29 years, they have three to choose from.

The grandest, oldest and most venerated of these is Mr Leonel Brizola – the socialist-populist and former governor of the states of Rio de Janeiro and Rio Grande do Sul.

To his many admirers, Mr Brizola will always be remembered as the man who tried to raise workers' militias in defence of his brother-in-law, President Jango Goulart when the tanks were rolling on Rio de Janeiro in 1964.

To his equally numerous detractors, he is a classic *caudilho* – a charismatic, swashbuckling leader – impervious to criticism and notorious for his large landholdings in Uruguay.

> His cheerful admission that he has neither policies nor programme but only his much-loved personality to offer makes him the third horseman in a populist apocalypse.

Yesterday, newspapers reported that many *Brizolistas* fêted his triumphal return to his birthplace on Wednesday by kneeling in tears of joy by the roadside as the campaign convoy sped past.

It is bad luck for Mr Brizola that the messiah ticket is getting crowded. For six months, he has been easily topped in the polls by the sleeker, karate-black-belted 1989 model in the form of Mr Fernando Collor de Mello, a 40-year-old state governor with film-star looks and a Hollywood studio's PR machine.

Even richer than his rival, Mr Collor has buried his past as a Rio playboy and loyal supporter of the military dictatorship to emerge as the newest people's champion.

He has pledged to fight the monied establishment, launch popular capitalism and clean out the cartels and corruption from Brasília's Augean Stables.

Few remark on reports that his hugely expensive campaign is widely said to be financed by his home-state's sugar barons, once sworn enemies, whom he exempted from local taxes just before leaving office.

This ritual conflict between populist centre-left and populist centre-right had pleased many Brazilian conservatives – the industrial and agri-business heirs of the old feudal slave-owners – above all when it seemed likely Mr Collor would win.

But for progressives on left and right – a grouping that includes both liberal businessmen and radical reformers – the campaign has provided depressing evidence of how, even after nearly three decades of dictatorship, personalities still predominate over ideas.

They were hoping to see the social democrat, Senator Mario Covas, the liberal, Mr Guilherme Afif, or even the socialist, Mr Luis Inacio Lula da Silva, as president rather than another strongman long on rhetoric and short on real reforms.

Now, with the entry of the television personality Mr Silvio Santos, the progressives' hopes have been revived. Not that Mr Santos is their candidate. His cheerful public admission that he has neither policies nor programme but only his much-loved personality to offer firmly defines him as merely the newest messiah – the third horseman in Brazil's populist apocalypse.

The hope the Santos candidacy does raise, however, is that it could split the vote of his two main rivals for the semi-literate, television-hooked, working-class vote, a massive slice of the 82m-strong electorate.

Mr Santos, who worked his way up from barrow-boy to television network owner, is however not all teeth and smiles. Behind his candidacy lies the hidden agenda of the campaign, a ratings and influence war between his SBT network and that of the dominant Globo TV channel – power-base of the octogenarian fixer, Mr Roberto Marinho.

"Silvio is no fool," says Mr Ricardo Noblat, a leading newspaper commentator who occasionally contributes to the SBT channel. "By standing, he is putting down a marker for future political campaigns, including the possibility of the governorship of São Paulo next year. If he takes votes from Collor, he is damaging Marinho's candidate in favour of his deadly enemy, Brizola. And, who knows, he could even win."

Furthermore, even if the electoral authorities rule out Mr Santos's late entry as a breach of the rules, procedure prevents them doing so until the eve of the first round of voting on November 15, allowing him maximum publicity and disruptive power.

With personalities all dominant, where do party politics and policies fit in to all of this? Sadly, nowhere. To win the nomination of the tiny, Christian-dominated Municipalist Party, Mr Santos had to promise support for their simple platform of a single income tax rate, the creation of an "open" university and, of course, jobs for the boys.

If they had asked him to build a pyramid in the deepest Amazon he would certainly have obliged. As a consequence, he is now the Jewish leader of 600,000 charismatic evangelicals.

Confronted with this paradox at his tumultuous Brasília press conference on Tuesday, Mrs Julia Neta, a born-again 62-year-old Santos fan, seemed more than content to worship two messiahs of different faiths. "Every monkey to his own branch," she laughed as a dozen video cameras whirred. "Anyway, he is a Sagittarian, like me."

Brazilian politics may not be as ideological as that of other countries. But it sure makes great television.

Colombia counts costs of dealing with gangsters

Decriminalisation and dialogue are seen as possible ways of ending the drug war, says Sarita Kendall

The latest victims in Colombia's anti-drug war are a judge and a Conservative Party congressman, both killed by gunmen on Wednesday night, Sarita Kendall writes from Bogota. A television journalist shot earlier this week is still in critical condition.

Ms Mariela Espinosa is the fourth member of the Medellin High Court to be murdered. She was hit by a hail of bullets outside her house and died immediately.

Congressman Luis Francisco Madero was shot as he arrived home in the capital. He had spoken in favour of the extradition of drug traffickers to the US, and his constituency included Pacho, territory controlled by Gonzalo Rodriguez Gacha, one of the most wanted cocaine barons.

Two other politicians have also been murdered in the last week. The vice-president of the Antioquia regional parliament, who had already survived two previous assassination attempts, was shot inside the parliamentary offices in Medellín. And a Liberal Party candidate for the post of mayor in a town in the eastern plains was killed while working in his house. He represented the New Liberalism movement, founded by Senator Luis Carlos Galan, whose death on August 18 was largely responsible for the government anti-drug offensive.

COLOMBIA has tried to fight the cocaine trade, and the effort has been bloody and expensive. The possibility of coming to terms with it is now openly being raised. The question for Colombians is whether they would rather pay the bloody price of continuing the fight, or accept the costs of accommodation.

Some have raised the idea of legalisation of the business as a possible solution, though few Colombians openly support this. Many, in private, have been willing to sanction talks between the government of President Virgilio Barco and the drug traffickers. But as the cartel gangsters have continued in an ever more violent vein, this idea is being undermined.

The Government has repeatedly refused any form of dialogue. But the cocaine traffickers have sought to prise open the door. Their latest approach, in a letter to the president of Congress at the end of last week, proposed a special commission of establishment figures to oversee talks. President Barco quickly poured cold water on the proposition and asserted again that the fight against drug-trafficking was essential for the survival of democracy in Colombia.

Since 1984, when mafia chiefs met the attorney general and a former Colombian president in Panama, the cartels have put out feelers to test the negotiating climate on several occasions. Before the latest approach, Pablo Escobar, one of the leading figures in the notorious Medellin cartel which controls 80 per cent of cocaine entering the US, wrote an open letter to the editor of La Prensa, a Conservative newspaper. The letter, published on October 12, confirmed previous contacts with the government and proposed a peace dialogue to include the military, guerrilla movements, paramilitary groups, emerald dealers and the extraditables, with the press and the church as mediators.

The terms for dialogue have been consistent since 1984: amnesties (including the revocation of extradition, which involves US courts) and the freedom to lead normal lives in exchange for stopping cocaine production and bringing millions of dollars back to Colombia for legal investment.

Over the last year President Barco's private secretary listened to cartel proposals, but this door was shut after the presidential candidate Luis Carlos Galan was murdered on August 18.

Strong political reactions to the revelation of contacts between the traffickers and the government have reflected anger about secrecy and deception, rather than the rejection of talks as such. Those who back a narco-dialogue range from the president of Congress to the mayor of Medellín, the presidential candidate of the left-wing Patriotic Union Party and the commander of the M-19 guerrilla movement. Colombia's experience with guerrilla dialogues – including groups engaged in cocaine trafficking – makes this a widely accepted way of dealing with violence.

The question is, at what cost? Apart from the loss of national dignity and international prestige, the futility of making so many martyrs, and the surrender to organised crime, making a pact with the gangsters would contribute little to solving the world's cocaine problems.

Initial scepticism towards the alternative approach of legalisation has given to more serious debate in the media. Mr Antonio Caballero, a journalist living in exile in Spain, has argued for legalisation in his columns in El Espectador, the respected liberal daily. Some, ranging from government economists to publishers condone legalisation in private. However, a survey by the Bogotá magazine, Semana, in 15 cities found that 81 per cent of respondents were against legalisation of cocaine.

Those who work on rehabilitation or have had any contact with addicts vehemently oppose legalisation. Their main argument is that addiction would increase. They also have a host of practical questions, such as: which substances would be legalised, cocaine, crack, cocaine paste? How would the legal age limit for consumption be set? Many users are under 16 years old, so there would still be a black market and pushers if, say, 18 was chosen.

Dr Augusto Pérez, of the La Casa treatment centre, says people who propose legalisation concentrate on the economic, technical and criminal problems, leaving aside human ones. "We can't just throw away our human resources - primarily young people. How can we assume that and all the other social costs?"

Those for legalisation say that if the profit motive was removed, the cartels would collapse. But in Colombia, when the marijuana business became unprofitable (because of successful repression combined with the growth of a US marijuana crop), cocaine more than replaced it. If cocaine were no longer an attractive business, the cartels might easily switch to heroin – they have already been experimenting with poppy plantations and small-scale heroin labs.

Over half a million acres are planted with coca in the Andean region – would there be aid for diversification, particularly now that the price of the main substitution crop, coffee, is so low? About $2bn (£1.3bn) a year comes back to South America; in Bolivia and Peru cocaine props up the economy – will there be balance-of-payments support?

Would the money currently spent on repression really be used for rehabilitation? If production were nationalised, how would a country like Bolivia finance the purchase of the coca crop?

One political analyst explained the establishment's refusal to consider legalisation thus: "It would de-stabilise the status quo." A narco-dialogue on the other hand, would not; the traffickers would achieve their aim of integration into society.

Knitwear quotas in US 'fail to stop dumping'

By Nancy Dunne in Washington

THE US International Trade Commission has voted unanimously to proceed with full-scale investigation in an unusual case of an industry claiming injury through dumping although it is already protected by quotas.

The case, filed by the National Knitwear and Sportswear Association, claims "years of erosion" of the domestic man-made fibre sweater market. In accepting the case, all six ITC commissioners agreed preliminarily that the industry had been injured by imports from Taiwan, South Korea and Hong Kong.

Under quotas for textiles and clothing, established under the Multifibre Arrangement, the industry says that imports of man-made fibre sweaters now account for more than 70 per cent of the US market.

The association is estimating particularly high dumping margins of between 44 per cent and 131 per cent from Taiwan; between 13.5 per cent and 94 per cent from South Korea; and between 25 per cent and 115 per cent from Hong Kong.

The ITC decision now triggers a comprehensive study by the Commerce Department, which will send teams of investigators to the three countries to study manufacturing costs and pricing data so that the Department can produce its own estimate of dumping margins, if in fact dumping is found to exist.

Mr Michael Daniels, a lawyer who represents the US Association of Importers of Textiles and Apparel called the dumping claim "harassment" of foreign producers who are placed in "double jeopardy".

Under the MFA, bilateral agreements with the three importing nations gives Korea a quota of up to 48 per cent of the US market for men's sweaters; Taiwan 20 per cent and Hong Kong 6 per cent. For women's sweaters, Korea gets 35 per cent; Taiwan 28 per cent; and Hong Kong 14 per cent.

The knitwear association claims that the pacts encourage dumping, because quotas are allotted by the three governments to their manufacturers on a "use it or lose it" basis.

According to the association, American sweater manufacturers have invested almost $250m to modernise their plants with new computerised knitting machines and designed system. "We do not plan on sitting idly by while that investment is destroyed," the association said.

Perestroika makes for strange bedfellows

Judy Dempsey recounts a warm tale of a Viennese duvet maker returning to its roots

A small Viennese-based family business which once owned large tracts of land in Czechoslovakia, may soon be returning to its roots, thanks to the reforms taking place in Eastern Europe.

Not that the Gans company, reputed to be the doyen of duvet manufacturers in Austria, intends to buy up land in Central Europe. But it will be seeking more opportunities to import goose down from this part of Europe, since geese are its mainstay.

The business was founded by Friedrich Gans who started out as a tailor from Bohemia in the last century. Like many of his fellow countrymen, he was lured to Vienna, then the capital of the Habsburg Empire, Gans he opened a shop which specialised in down quilts and eiderdown.

Soon he was supplying the most elegant imperial hotels in Vienna with his down. Not long afterwards, the hotels in Tsarist Russia were placing orders with him. By the turn of the century, Gans was supplying duvets to the spa resorts in Karlsbad down to the hotels in Trieste.

When he emigrated to England, the business was taken over by the Hiedler-Nowak family, who to this day, retain the Gans name (which, as it happens, means goose in German).

"His reputation rested on the kind of down he used," explains Mrs Lisbeth Weiner, managing director. It was from his large estates in Bohemia that Gans bred thousands of geese for his duvets.

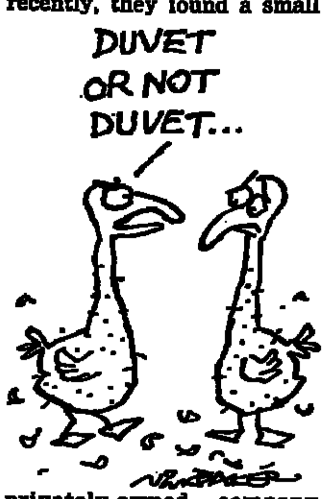
"The best down comes from the geese in Central Europe, especially from Hungary, Czechoslovakia and Romania," says Mrs Weiner. "It is no use trying to use duck down, say, from China. There the ducks are too small and the quality is not good enough for what we want. The thing is that geese need plenty of water and must be reared in a special climate where it is not too warm. Central Europe is ideal."

After the Second World War, and the ensuing communist takeover of Eastern Europe, it was not easy to operate in the region. But in time Gans started importing down from Poland. However, as the economic crisis deteriorated during the 1970s, so did the quality of the geese.

"There was no longer the available food to feed and fatten the geese," says Mrs Weiner. "So we had to look elsewhere."

In the late 1970s and early 1980s, Hungary became an ideal breeding ground for the geese. And although Hungarian geese tend to have the reputation more for foie grass than for down, Mrs Weiner assures her clients that the down in Hungary is of the highest quality.

Today, Gans has several contracts, renewed annually, with Hungarian firms. And only recently, they found a small



privately-owned company tucked along the Hungarian-Romanian border, which does some of the processing for Gans.

Both the processing and the down have to be of the highest quality if Gans is to maintain its reputation.

"What happens is that two or three times a year, we pluck the down, not the feathers, from the geese. They are not killed. I suppose you would say the geese are recycled," says Mrs Weiner.

The down is then brought to the factory in Vienna where, except for the weigh of the down by computer to calculate precise measurements for the duvets, everything is done by hand. "The essential point is that the binding must be perfect."

For the binding, Gans imports the soft cotton from West Germany and the luxurious silk from Italy. And what is even more surprising, says Mrs Weiner, pointing to some of the duvets in the company's main shop in central Vienna, is that the best damask linen comes from Hungary and some of the finest pure linen comes from Czechoslovakia.

However, such craftsmanship and quality means that Gans, which employs about 40 people, will never be a great commercial success. "We are aiming at the top end of the market," says Mrs Weiner.

Turnover last year exceeded Sch35m (£1.75m). That includes accessories such as bed linen. About Sch20m was earned from the duvets alone. Those sales are divided between the domestic market – individuals and hotels – and exports, which are increasing all the time, topped Sch8m last year.

This year, Gans's turnover is expected to reach Sch50m and cashflow about Sch5m, while duvet exports will have risen to 30 per cent.

While European hotels are taking a keener interest in buying the duvets, Mrs Weiner says that Americans and Japanese individuals are playing an increasing role in their export market.

"So many of the people who come into our shop in Vienna say they first experienced our duvets while snuggling up in the down in hotels here in Austria or in other parts of Europe."

But with an eye to maintaining the quality, Gans continues to look for more goose down. Here, the Soviet Union and Czechoslovakia could offer new opportunities. Only recently, Mrs Weiner received a sample from Moscow. "It was excellent," she says, adding that, although it is early days, she is thinking about setting up a contract with a Soviet firm.

"As our experience with Hungary showed, once given the chance, entrepreneurs in Eastern Europe have the skill and the marketing ideas, especially if they know they can make some money."

Gans is even looking at neighbouring Czechoslovakia, where, despite years of economic neglect in many areas, the craftsmanship and quality remains high. It was, after all, these traditions which gave rise to Gans.

UK-Soviet health care sales deal

OVERSEAS Pharmacies, a jointly-owned British company, has established a 50-50 joint venture with Pharmedtechnika of Georgia, a specialist department of the Soviet Republic's Ministry of Heath, Our World Trade staff writes.

The enterprise, known as Unipharm, will retail and distribute pharmaceutical and health care products through British-style pharmacies in Tbilisi and Moscow catering for tourists and diplomats.

A Moscow distribution centre will supply directly to Soviet institutions, enabling *them to take advantage of the* recent devolution of foreign currency purchase procedures.

S Koreans order German submarines

South Korea has agreed in principle to buy three more submarines from West Germany in the latter half of the 1990s, a Defence Ministry spokesman said yesterday, Reuter reports from Seoul.

The Koreans, who presently have no submarines, are to take delivery of three 209-class vessels in 1991 from Howaltswerke-Deutsche Werft at $200m each, under an agreement signed in 1987. They have now decided to order three more at $165m each.

China targets share of drill-bit market

By Dai Hayward

CHINA IS making a determined effort to capture a significant share of the lucrative market for oil and mineral drill bits used in large quantities by international drilling companies.

A private Norwegian construction and trading company, Bjorn Hansen A.S. of Sandefjord, has been given a two-year contract to sell high-quality Chinese-made bits on the world market.

The main selling point – and likely attraction for drilling companies – will be the price. The Chinese drill bits, made by the Shanghai No.1 petroleum machinery works, are at least one-third cheaper than comparable drill bits made in the US or Europe.

Steel-toothed drill bits have a short working life in the drilling business. A 27-inch American-made bit used in offshore drilling, costs $10,000 and has an average working life of between 27 and 30 hours. Smaller drill bits, used for onshore drilling, last for between 35 and 45 hours. Then they are discarded.

Independent reports show that the quality of Chinese-made bits, although costing around $3,000 less for the 27-inch size, lasted as long and matched American bits now commonly used in the North Sea and elsewhere.

Mr Bjorn Hansen, owner and managing director of BH A.S. says: "By using Chinese-made bits drilling companies can cut thousands of dollars off their drilling costs."

Before allowing his company to be associated with the Chinese-made drill bits Mr Hansen arranged for 2,000 independent quality tests under actual working conditions in the North Sea, Norway and the Far East. The tests were spread over two years. The reports were all favourable.

This week a 10-strong delegation from the Chinese Foreign Affairs Department and China National Electronics Import and Export Corporation, confirmed the deal with Bjorn Hansen A.S. at a meeting in Sandefjord.

Deputy director of the CNEIEC, Wang Guichun, said China regarded the agreement as important for its efforts to increase heavy industry exports.

The Chinese-made drill bits range in size from 1¾ inches to 27 inches. They have been tested as suitable for all types of drilling from oil and mineral to water well sinking.

Ten years ago Mr Hansen was working as a roughneck on a North Sea oil rig. In 1980 he started his own construction and trading business to capitalise on the Norwegian building boom. "It was my experience on the drilling rigs which first aroused my interest in the lower-cost Chinese drill bits a few years ago. We are now satisfied these will match anything and can be used anywhere," he said.

Bjorn Hansen A.S. will now seek joint venture partners in the UK and other countries to market the Chinese-made drill bits to oil and mining companies in their area.

Scent of Anglophilia at Tokyo's hunt ball

By Michiyo Nakamoto in Tokyo

AUTUMN in Japan is the time to remember the British. The long, cold rains that make up a good part of the season draw thoughts to Burberry coats and cashmere scarves and to evenings in front of a warm fireplace with a glass of Scotch.

This season, in particular, the Japanese have shown renewed interest in things British. "There is a British boom right now," a Tokyo fashion consultant says. Countless advertisements, magazine features and events are promoting the British way of life. More than ever, the focus has been on the lifestyle of the British upper class.

"Enjoy a British country weekend," urges a fashion magazine feature on the British look. You may not own a real country house, like the British aristocrats, but you can still stroll through the countryside in your lambs-wool jumper and paisley skirt.

The British Fair, held last week at Mitsukoshi, an upmarket department store in Tokyo, featured a large number of high-quality goods from England. The lifestyle glamourised by the fair is captured in its subtitle, "A Room with a View", chasing the image of the film of the novel by E.M. Forster.

Few Japanese homes have much room, let alone a view, but they can afford to have the Royal Doultons and the Mappin and Webb silverware on their tables. Products with an established reputation or a very strong brand name do especially well in Japan these days, and were prominent at the British Fair. Visitors showed a particular interest in furniture. Crowds also gathered around the flower arrangement stall and watched the Harrod's demonstration on how to pour a proper cup of English tea.

The highlight of the fair was, without doubt, a series of hunt ball dance performances, complete with English dancers and background explanations. Still, many seemed puzzled that they were dancing to, among other tunes, a Viennese waltz.

The Mitsukoshi store is not alone in recognising that tradition and authenticity go over well with the Japanese. Last month, Laura Ashley opened its first tea house here.

Ms. Emiko Nakamura, publicity manager at Laura Ashley Japan, explains what prompted the textile and design company to go into the food service business. "Although tea houses play an important role in Japanese social life there are few places where tea is served in the proper way."

The present British boom is in some ways a revival of the historical fascination with the British that won't go away.

England is also the country where Japan's two crown princes have attended university, and this year the Japanese may be feeling particularly close to the British with the engagement of Prince Aya which has awakened fond memories of recent British royal weddings.

UK NEWS

Parkinson denies rumours of insider dealing

By our Political and Financial Staff

MR CECIL PARKINSON, the Transport Secretary, yesterday firmly denied rumours circulating at Westminster that he had been linked to insider trading and was planning to resign his post in the Government.

The denial followed a report in The Scotsman daily newspaper saying that a forthcoming Channel 4 television programme would link a senior member of the Government with an insider dealing ring in the City of London. The report shook Conservative ministers and MPs and was said by foreign exchange dealers to have contributed to an unsettling day for the pound.

Amid suggestions among Tory MPs that the Government might be the victim of a "smear campaign", the Transport Secretary said in a statement released through his solicitors: "There is no foundation whatsoever for rumours that Mr Parkinson has been engaged in any insider dealing, nor in any share dealings."

The statement added that Mr Parkinson had followed normal practice on entering the Government by transferring his funds to his stockbrokers "to deal with his cash and any investments they might make on an entirely discretionary basis, in which he played no part whatsoever."

It warned that he would sue if "these baseless rumours" were repeated.

In the House of Commons, Prime Minister Margaret Thatcher, who was told of the reports earlier yesterday, said that she had "nothing further to add" to the statement.

The pound and Government bonds were hit by the rumours. At one stage, sterling fell to near its year-low against the D-Mark of DM2.8850, before rising in London to DM2.89, down 1¾ pfennigs on the day. Against the dollar the pound fell 1.8 cents to $1.5640, and on the Bank of England's trade-weighted sterling index it fell ½ a point to 88.5.

Long-dated government bonds dropped a point to yield 10.33 per cent, before falling further in after-hours trading. Share prices eased on the rumours, but rallied later in the day after the denials. The FT-SE 100 share index closed down 6 points at 2,154.1.

Reserves reduced, Page 10

BR contract cuts options on tunnel link

By Kevin Brown, Transport Correspondent

BRITISH RAIL yesterday sought to establish its proposed route for a high-speed line from London to the Channel tunnel as the only serious option by agreeing an exclusive contract with a private sector consortium led by Trafalgar House.

The contract prevents BR from discussing any alternatives to its preferred route through Kent and south London.

The BR board agreed to the contract after deciding to drop plans to table a private Bill later this month seeking authorisation for the line. The decision to abandon the Bill will be announced this morning.

Mr John Welsby, BR's chief executive, told the board that a 12-month delay was essential to solve financial problems caused by the escalating costs of the corporation's preferred route through Kent and south London.

The cost has risen from £1.7bn to between £3bn and £3.5bn because of environmental considerations.

The contract with Trafalgar House is part of BR's attempt to keep control of the high speed line project by ensuring that its preferred route remains the only serious option.

BR remains implacably opposed to proposals put forward by separate consortia led by Ove Arup and Manufacturers Hanover Trust which would approach London through Essex and terminate at Stratford, in east London.

The BR board also decided yesterday to go ahead immediately with plans to construct a new international station at King's Cross, which will be used by Channel tunnel trains from around 1997 onwards.

This will increase the problems faced by the rival private sector consortia in justifying proposals for a major new terminal at Stratford.

BR believes the 12-month delay will be long enough to find ways of increasing the rate of return to a viable level by reducing the costs or increasing the revenue flow.

One option would be to renegotiate the agreement between BR, SNCF French railways and SNCB Belgian railways on revenue sharing from international train services.

The 12-month delay puts BR back on to its original timetable for a Bill in 1990.

Union row threatens plans for GM plant

By Michael Smith, Labour Correspondent

BRITAIN'S chance of securing a General Motors plant to build a new range of automobile engines is being jeopardised by an inter-union row.

Mr John Monks, deputy general secretary of the Trades Union Congress (TUC), was last night attempting to defuse the dispute between the TGWU general workers' union and the AEU engineers' union.

GM has already made it clear to the unions that it wants the dispute to be settled – and agreement on changes in working practices and bargaining procedures at an existing GM plant – within 10 days. It wants an outline agreement by Monday and has warned that failure to reach a deal is likely to lead to the plant for executive car V6 engines being sited elsewhere in Europe, probably West Germany.

GM's decision yesterday to withdraw for the battle for control of Jaguar raises a further question mark over the likelihood of siting the new plant in Britain. It is thought that GM had been considering the UK because the V6 engines could have been used in a joint venture with Jaguar.

The dispute is the second between the AEU and TGWU in two years to jeopardise Britain's chances of winning a large vehicle-related manufacturing plant. In early 1988 Ford decided against building a factory in Dundee, Scotland, because of a union row.

The issue now in dispute is a spheres-of-influence agreement between the unions at the company's Ellesmere Port plant in Liverpool, where the V6 facility would be built.

Under the agreement, jobs are classified as a preserve of the AEU or of the TGWU. Workers who change jobs are obliged to change unions.

GM has said that as a condition of building the V6 plant at Ellesmere Port, it wants the unions to agree to an erosion of demarcation lines between jobs and to a single-table bargaining. The AEU fears that agreeing to abolition of spheres of influence will allow the TGWU to recruit members in the engine plant, which it regards as its domain.

Fears over the long-term viability of Ellesmere Port, which employs about 5,000 workers, lie at the bottom of the row. Ellesmere Port, which makes the Astra range of cars, is one of Europe's lowest-volume automobile producers.

Bank of England to review Third World debt matrix

By Stephen Fidler, Euromarkets Correspondent

THE Bank of England, citing a deterioration in the prospects for debtor countries paying their foreign debts, has announced that it is reviewing the complicated framework it has established as a guideline for UK banks to assess what reserves they should carry against their Third World loans.

The review of the so-called matrix, which has been known of in the City of London for some months, is not expected to result in a significant change in reserves of any of Britain's Big Four commercial banks. All increased their provisions on third world loans to roughly 50 per cent of outstanding exposure in their mid-year results.

However, other UK banks, including specialist consortium lenders, are carrying lower reserves and are expected to have to have to raise their provisions.

The change in the matrix will aid UK banks in their efforts to secure tax relief from the Inland Revenue on their new provisions, and provide a basis under which they can allocate their general provisions to specific countries.

Significantly, the move was announced at a dinner of the Association of British Consortium Banks by the responsible executive director at the Bank, Mr Brian Quinn.

Mr Quinn said that the results of the review will be announced in the next few weeks, although there would be some variation from bank to bank. "We expect to see a substantial increase in the average level of provisions yielded by the application of the matrix over that currently signalled, although probably not at great variance with the levels which some banks elected to announce in the half-year results," he said.

"This increase in the general level of provisions reflects our view that the situation among many debtor countries has, on balance, deteriorated. There are a number of cases where interest is not being paid and where the prospects of a lasting recovery in capacity to resume debt service in full have receded."

However, the Bank was "agnostic" about whether a permanent shift had taken place in the willingness of debtors to repay their obligations, since the sanction of closing off private markets to these debtors remained a powerful one.

The view outlined by Mr Quinn suggests a narrower, purely supervisory attitude to the Third World debt problem on the Bank's behalf. This contrasts, for example, with the broader view expounded in September by Mr Gerald Corrigan, president of the New York Federal Reserve Bank, which attempted to use regulation to underpin the new international debt initiative launched in March by the US Treasury Secretary, Mr Nicholas Brady.

Bankers angry at courts' swap ruling

By Katharine Campbell

SENIOR BANKERS were yesterday up in arms at Wednesday's High Court ruling that effectively rendered null and void certain local authority financial market dealings.

Foreign bankers were particularly irate that exposures to quasi-government entities they had long assumed to be unnassailable, now appear to be crumbling before their eyes.

The Bank of England is also understood to be highly exercised as to the broader consequences of the judgment for the reputation of the City of London.

The High Court held that all interest rate swap and related transactions entered into by Hammersmith & Fulham council were *ultra vires*, or beyond the authority's powers.

Mr Charles de Croisset, president and chief operating officer of Credit Commercial de France, the French bank, said yesterday "it is unbelievable that transactions concluded in an apparently regular fashion, presented by licensed London money market should, after a period of seven years, be suddenly declared null and void."

The Bank acts as lead regulator of licensed money brokers. CCF chairman Mr Michel Pembereau wrote to the Bank in August, while the market was awaiting the court's decision, that "the prevailing uncertainty touches the very integrity of the UK sterling market."

Mr Croisset went on to point out that, under the Cooke committee bank capital standards, swaps with public authorities attract lower risk weightings – that is, the amount of capital banks must set aside – than any other counterparties except governments.

He would not be drawn on CCF's own exposure, although he said that was "not the major problem. We are a large bank."

Perplexed local authorities were yesterday consulting lawyers about the implications for their own positions of the Hammersmith ruling, and hence whether they should honour payments to bank counterparties falling due on swap contracts.

Mr Howard Davies controller of the Audit Commission said local authorities must seek their own legal advice.

Jaguar's chairman learns to live with his new 'boss'

By John Griffiths

JAGUAR chairman Sir John Egan put a brave, even joking, face yesterday on the impending loss of independence of the proud British luxury car maker he has nursed back to relative health for the past nine years.

"I've persuaded him to stop calling me 'sir'," Sir John said of Mr Lindsey Halstead, Ford of Europe's chairman who was sitting beside him in a packed and hastily called press conference at London's Savoy hotel.

Mr Halstead, Sir John readily acknowledged , "will be my new boss" – presuming, that is, that Jaguar's shareholders approve the recommended Ford bid for Jaguar at an extraordinary meeting to be called later this month.

For precisely how long that might be is far from clear. Sir John insisted that his position is "uncontroversial", and that he expected to continue to lead Jaguar's management board. Yet his breezy statement that he had warned Mr Halstead "I won't be an easy subordinate; so the next few months will decide whether this is permanent relationship", was widely taken as a hint that he is not taking a long-term future with Ford for granted.

Sir John, who will be 50 early next week, admitted he felt a degree of disappointment that Jaguar appeared unable to retain its independence. "I always wanted it to be a healthy independent car company but personal opinions are not the key.

"But as chairman I had a very attractive offer to consider and had to make sure the employees and dealers had access to a good future."

At least Sir John and Mr Halstead appear to have got off to a good start. Until a few days ago they barely knew each other. During Wednesday, it became clear yesterday, they got the chance to know each other very well, as they led 18 hours of almost non-stop negotiations in London back-rooms to conclude a deal based on a bid which Ford unveiled to Jaguar itself only on Wednesday morning.

Yesterday, they were being highly supportive of each other. At one point under a barrage of questions, Mr Halstead was asked what seemed to be a very basic question, namely how many cars Ford produced last year. Mr Halstead, clearly lost for both numbers and words, was promptly rescued by Mr Egan with a quip that "when you're that big you can afford to forget" – perhaps a promising sign for the embryo Jaguar-Ford relationship.

At the bid price of 850p per share, Sir John can afford to take a relatively relaxed view about his own future. He already holds 32,150 shares – now worth £273,275 – but more important, has options on a further 233,098, exercisable variously at between 165 and 577p per share.

At an average cost to him, say, of 400p per share, Sir John becomes easily a man of seven-figure substance if he decides to exercise the options, and unclip himself from Jaguar's leash.

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Reserves drop by record $2.9bn

By Patrick Harverson

INTERVENTION by the Bank of England to support the pound last month led to a record $2.9bn fall in Britain's gold and foreign currency reserves.

The size of the fall in underlying reserves, released by the Treasury yesterday, exceeded City of London forecasts and underlined the extent of the selling pressure on sterling in October.

The pound has been under steady pressure on the foreign exchange markets since the Government raised interest rates to 15 per cent on October 6. Public differences over exchange rate policy between Mr Nigel Lawson, the then-Chancellor, and Mrs Margaret Thatcher, the Prime Minister, added to sterling's weakness, and the Bank of England intervened on several occasions during the month.

Financial markets regarded yesterday's figures as further evidence of the determination of the UK authorities to defend sterling.

Some City analysts believe that Mr John Major, the Chancellor, is more willing than his predecessor to use intervention, rather than interest rate rises, to support the currency.

Mr Nigel Richardson, economist at Warburg Securities, said he thought that there had been a "subtle shift" in exchange rate policy since Mr Major succeeded Mr Lawson last week.

He said: "The key defence of the pound now rests with the reserves."

The Treasury said yesterday the figures demonstrated the Government's commitment to a firm exchange rate and its willingness to take whatever action necessary to tackle inflation. Treasury officials also pointed out that one of the purposes of holding reserves was to provide funds for intervention.

Yesterday's figures probably included the effect of intervention in September, when the Bank of England was reported to have been buying pounds on the forward currency markets. The effect of trading in the forward markets does not show up in the reserves data until at least a month later.

City analysts believe the full extent of intervention to support the pound will not appear in the reserve figures for some time if the Bank has been trading in the forward markets.

Analysts thought at the time of the release of the September figures that the Bank had decided to operate in the forward markets to avoid releasing a figure showing a large fall in reserves during the Conservative Party conference.

However, because of the two-day settlement lag in the currency markets, October's reserves data will have included the effects of the Bank's activities in the last two days of September, when intervention was widely reported to have been heavy.

In Brief

UK 'may not sign greenhouse treaty'

Britain is unlikely to sign a declaration to deal with global warming – the greenhouse effect – which will be proposed at an international meeting in Noordwijk, the Netherlands, next week, writes John Hunt.

A draft declaration, proposed by the host nation, calls for emissions of carbon dioxide – the main contributor to global warming – from fossil fuels to be frozen at their present levels by 2000.

The proposal is backed by West Germany and Japan but Britain believes it is premature.

Mr David Heathcoat-Amory, the junior environment minister, said yesterday the UK was not willing to commit itself to such targets at this stage.

Britain was confident that it was in the lead on this subject and was not prepared to be "bounced" into doing something simply because others were doing so.

Brokers merge

Edinburgh broker Robert White, the broking arm of TSB group, said it is taking over Bell Lawrie, a long established broking firm, to create one of the biggest retail brokers in Britain in a deal believed to be worth about £15m.

Coal imports up

The electricity industry has ordered 6m tonnes of foreign coal for its first full year in the private sector and plans to import more, says International Coal Report, the newsletter. CEGB imports for delivery in 1991-92 are three times up on the 1980s when it met 95 per cent of needs from UK pits.

Accountants see 31% rise in British fees

By David Waller

COOPERS & Lybrand, the accountancy and consultancy firm currently in the throes of a UK merger with Deloitte, Haskins & Sells, yesterday announced that its British fees rose from £196m to £264m in the year to the end of September, an increase of 31 per cent.

The big firms have grown at an annual rate of 20 and 30 per cent during the last five years and these record figures – the first of the current reporting season – suggest that the industry as a whole enjoyed another good year in 1989. But Mr Brandon Gough, Cooper's chairman, indicated that such growth rates could not be maintained in future.

The powerhouse of growth for Coopers was management consultancy, where fees rose 43 per cent from £54m to £77m. Audit – including business services and corporate finance as well as the straightforward attesting function – rose from £90m to £117m while tax revenues rose by £12m to £46. Turnover at Cork Gully, the insolvency practice, also rose by more than 30 per cent, from £18m to £24m.

Mr Gough said the firms would inevitably suffer as the UK economy contracted.

As for the merger with Deloitte in the UK, Mr Gough said that the two firms were wrestling with the legal mechanics of coming together.

This merger caused an outcry in the accountancy profession as Deloitte had been in negotiations with Touche Ross. In the UK and several other countries, the Deloitte firms have chosen to link up with Coopers, while its firms in the US, Japan, France and elsewhere intend to tie the knot with Touche Ross.

Building slump hits industrial developers

By Andrew Taylor, Construction Correspondent

THE DEEP SLUMP in British housebuilding caused by high interest rates has started to spread to private commercial and industrial property development, according to figures published yesterday.

This has raised fears among some London analysts that a general decline in construction output could lead to a more widespread fall in economic activity. The construction industry has traditionally been regarded as an important indicator of future economic trends.

Figures published yesterday by the Environment Department showed the number of homes started by British housebuilders in September fell by a third compared with the corresponding month last year.

Housebuilders started 13,000 homes in September compared with 20,400 in September last year.

A separate survey conducted by Associated Building Industries, one of the largest organisations monitoring development opportunities and construction contract awards, shows many developers are delaying the beginning of work because of the uncertain economic outlook.

Mr Philip Davis, ABI's managing director said: "We normally expect to see an increase at this time of year in tender documents being sent out by developers so that building work can start before the end of the financial year. This does not seem to be happening.

"A large amount of private sector commercial and industrial construction work which had been expected to start in the next three to four months has been postponed."

Grand plans for small change in power sell-off

Max Wilkinson sheds light on plans for electricity

Mr John Wakeham, the energy secretary, has skirted two obstacles to the privatisation of the electricity industry, only to find two bigger obstructions blocking his path.

All of the difficulties he encountered when he took over the job from Cecil Parkinson this summer reflect the conflict between the Government's ideas for introducing competition and the very large elements of monopoly and central control that it had left in place.

The two outstanding issues are the nuclear and coal industries: what to do about their gargantuan appetite for state subsidy.

Wakeham: tackling the problems of privatisation

The two issues which have been "solved", at least temporarily, are: how to reconcile the industry's duty to keep the lights burning with the stress of free market competition and how to reconcile a system of contracts with the daily auction of power needed to ensure that the most efficient plant is always run first.

Any solution had to apportion commercial risks fairly between the two sides of the industry, generating companies and the wholesale distributors. Although such matters have been "solved" for the purpose of the flotation, many complex uncertainties remain about the conditions under which the industry will operate in future.

The solutions now agreed by Mr Wakeham are in two parts. The first is to give the 12 area boards (soon to become private distribution companies) partial protection from competition for eight years.

During the first four years they will be almost unassailable. In the next four, generating companies will be allowed to steal their larger customers to a limited extent. At the same time, the bitter arguments about how contracts would allocate with the risk that plant may become uneconomic or redundant has been cleverly solved by making long-term contracts between generators and distributors unnecessary, at least for a few years.

Instead of hundreds of different contracts allocating the output of each power station to a particular distributor, the new National Grid Company will be put firmly in charge of "pooling" the supplies from all of the nation's 54,000 MW of power plant. It will establish a single price for all of this pooled power, which will change every half hour in relation to supply and demand, but all area boards will pay the same price and they will be allowed by regulation to pass the cost to their customers.

The area boards are absolved of the risk of paying the capital cost of power plant which they may not need to call upon and they will not need to contract for surplus capacity to ensure that they can always meet their "obligation to supply". Whenever they need power, the grid will always be there to supply it and their customers can always be forced to pick up the bill.

This pool price will be fixed partly in a daily market held by the grid. Generating companies will submit offers of power at prices reflecting their operating costs. The price of the last offer needed to meet expected demand will be paid to all successful offers, as would happen in a competitive spot market. Generating plant making offers above this plant will not be allowed to run and will not be paid.

The pool price will also include a security premium to ensure that enough plant is always available. That may be close to zero in summer, when capacity is plentiful. During the winter peaks in demand, however, it could be very high with a theoretical penalty price some 50 times the normal pool price.

To avoid the penalty and the uncertainties of a fluctuating pool price, the Department of Energy believes that distributors will gradually build up a portfolio of fixed-price contracts, some with independent power companies and some with the two daughter companies of the old Central Electricity Generating Board, National Power and PowerGen.

Perhaps the most important change is that the old idea of an "obligation to supply", one of the Government's central principles when it drew up the privatisation plans, has now been replaced by a price mechanism. When supplies are tight, industrial consumers will be under a potentially huge financial pressure to cut consumption or to bring on alternative supplies. Similarly, high prices will induce generating companies to build small plant to meet peak demand.

Unfortunately for Mr Wakeham, the average pool price, expected to be around 3.5p per kWh, will do nothing to solve the nuclear industry, whose costs have been estimated by his department to be up to 9p per kWh.

The gap must be filled by a mixture of government guarantees to meet the cost of nuclear waste disposal and a separate nuclear levy on electricity consumers. The levy, at about 15 per cent, would badly distort the electricity market which the Government is keen to develop and would be a serious imposition on big industrial customers, who will in any case face price increases of about 10 per cent to eliminate existing cross subsidies.

The solution, almost everyone in the industry now agrees, is to remove all the nuclear plant from the privatisation package, as has already been done for the ageing Magnox plant. That would solve an additional problem of how to manage Magnox and advanced gas-cooled reactors which share the same site. Under present plans Magnox will be retained in the state sector while the AGRs will be privatised with National Power.

More fundamentally, the financial sector has become highly sceptical of government guarantees.

As for British Coal, the difficulty is simply put: generating companies engaged in a daily auction will be under huge pressure to buy imported coal if it is cheaper than British supplies. The Government has estimated that 18,000 more jobs are at risk.

There is no way out in the long term. But for the next five years, Mr Wakeham is likely to override the market, by insisting on contracts with a minimum take and a relatively high price for British mined coal. Those costs will be passed on to distributors by special fixed price contracts which will be passed in turn to consumers.

So with nuclear power in the public sector, a continuing coal subsidy, the national grid back in charge of the system and centrally administered price for electricity, privatisation will bring little change to the state monopoly system. For five or six years, anyway.

Labour Treasury team tops poll

By Michael Cassell, Political Correspondent

MEMBERS of the Labour Party's Treasury team have topped the elections to the shadow, or opposition, Cabinet for the second year running, reflecting their strong performance during the events surrounding last week's resignation of Mr Nigel Lawson as Chancellor of the Exchequer.

Mr Gordon Brown, the shadow Chief Secretary to the Treasury, won most votes in the annual poll held among the party's 230 MPs. Mr John Smith, the shadow Chancellor, came second.

All existing members of the shadow Cabinet were re-elected and three new places went to women. Mr Neil Kinnock, the Labour leader, is reorganising his team after this week's election and new responsibilities will be announced in a few days.

The election results were also notable for the election of Mrs Ann Clwyd, the MP for Cynon Valley, who was dismissed last year by Mr Kinnock for defying party managers and voting against government defence estimates.

Mrs Margaret Beckett, a social security spokeswoman and once an outspoken critic of Mr Kinnock was also elected. She and Miss Joan Lestor, the MP for Eccles, will join Mrs Clwyd and Miss Jo Richardson in the shadow line-up, raising the number of women from one to four.

Mr Martin O'Neill, the shadow Defence Secretary who was not in the shadow Cabinet when he took over the post last year from Mr Denzil Davies, failed to win election and it seems unlikely that he will continue in the job. Mr Jack Cunningham, the shadow Environment Secretary, has been tipped as a possible successor and is thought to want the portfolio.

Mr David Blunkett, the local government spokesman, failed to make any headway in his efforts to win a shadow Cabinet seat and Mr Tony Benn, who last year stood for the party leadership, came 28th in a field of 33.

Lloyd's starts compensation scheme to cover against fraud

By Patrick Cockburn

LLOYD'S, the insurance market, is to start a scheme to compensate its individual members, known as "names", up to £50,000 each in the event of fraud by their underwriting agent.

Mr Alan Lord, Lloyd's chief executive, said yesterday that the scheme aimed to increase confidence among the market's 31,000 that they were protected against fraud. Lloyd's decided against extending the scheme to cover negligence by an underwriting agent because of the difficulty in distinguishing between the results of negligence and an ordinary business loss.

The scheme will compensate Lloyd's members up to £50,000 if they have a judgment or award against their underwriting agent which cannot be satisfied because he is insolvent, or if they have been unable to obtain a judgment or award as a result of his insolvency.

Claims will be met at first by Lloyd's, up to £50m in one year. This will then be recouped by a levy, the first £16.6m from agents and the rest from names.

The scheme is a last resort for names, in that it comes into play only after an underwriting agency has become insolvent and nothing can be obtained through cover for errors and omissions which they are required to carry.

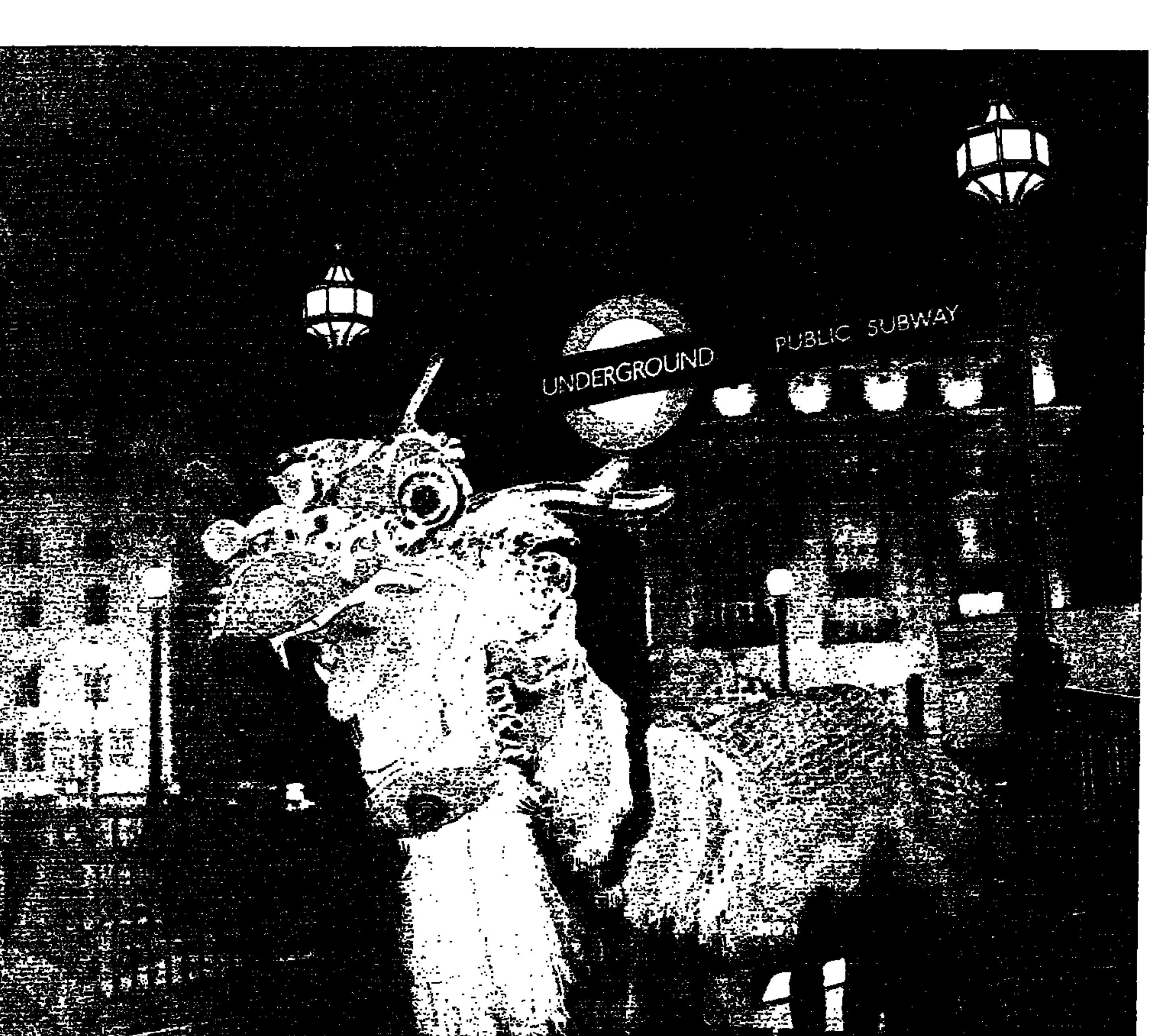
Separately, the Council of Lloyd's moved yesterday to tidy up the financial consequences of the PCW Underwriting Agencies affair, among the most notorious of a series of frauds which hit the insurance market in the late 1970s. Ordinary members of Lloyd's lost about £40m and PCW's former managers, Mr Peter Cameron-Webb and Mr Peter Dixon, have lived in the US since 1981. The Serious Fraud Squad obtained warrants for the arrest of both.

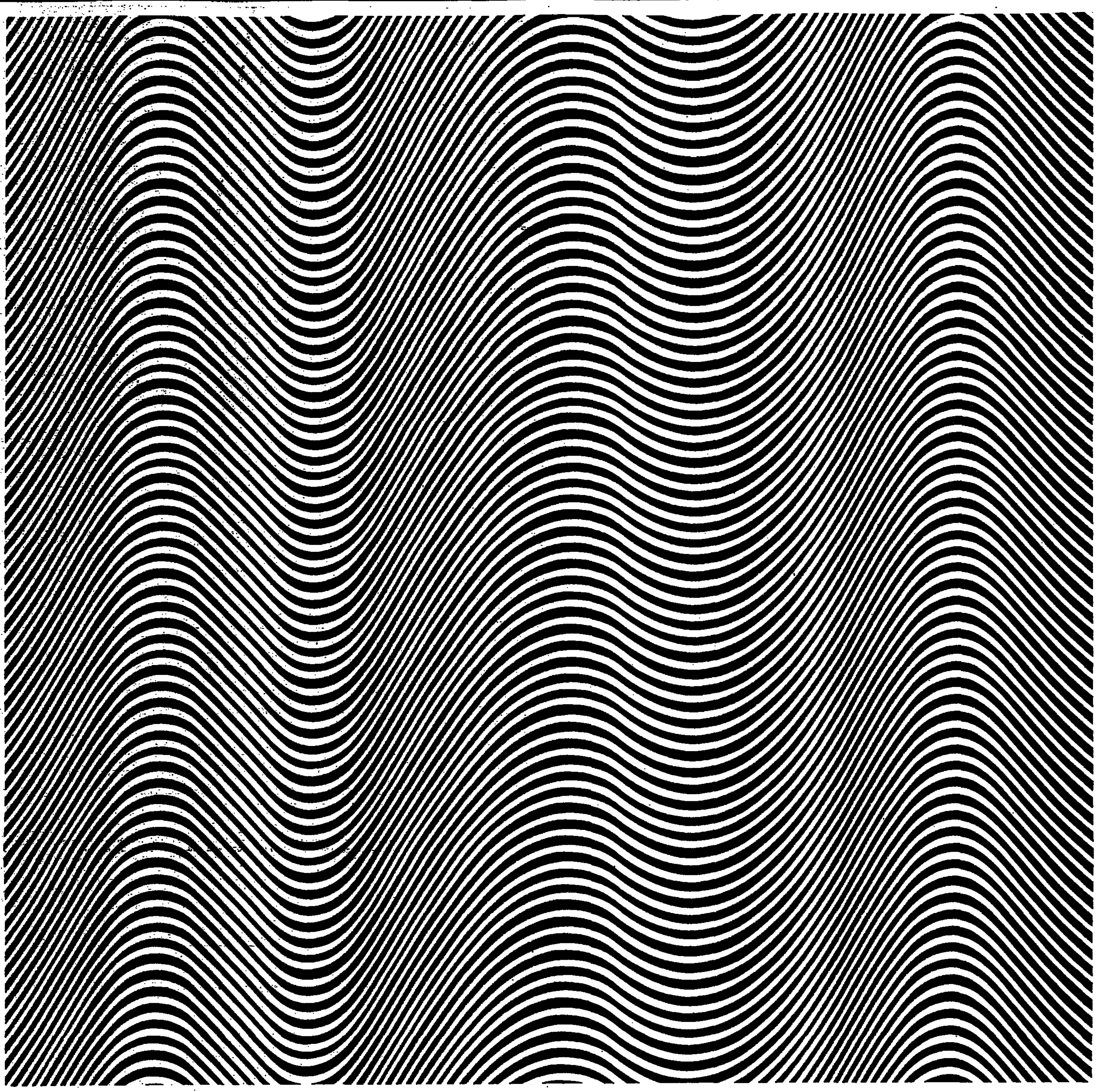
Lloyd's had now arranged reinsurance to close – the means by which Lloyd's syndicates close their accounts – for the remaining 18 names belonging to the PCW syndicates through Lioncover, the special insurance company set up by Lloyd's to takeover PCW's liabilities. The 18 Names, including Mr Cameron-Webb and Mr Dixon, all rejected or were excluded from the 1987 settlement of claims arising from the PCW affair.

In a bid to force the 18 to settle Lloyd's has now told them that if they must either settle under the 1987 terms or pay £7.63m, almost four times as much, to Lioncover. Lloyd's says that it expects those originally excluded from the settlement to pay the full settlement without any contribution from Lloyd's.

Mr Lord said that Lloyd's would also be tightening up financial standards for underwriting agents, who must in future have a fixed capital of £150,000 if a combined or members' agent or £100,000 if only a managing agent. Net current assets must cover three months expenditure but no agent will be required to maintain net assets over £2m. Some 40 per cent of agents are likely to be affected.

The general tightening up at Lloyd's represented by the measures announced yesterday is aimed to combat continuing bad publicity from problems which arose in the 1970s.





Some people will have a fit when they see this.

With some forms of epilepsy, it doesn't take much to set off a fit.

Gazing at the picture above for too long *could be enough.*

And if you're the one person in every hundred in the UK who is epileptic you'll know not to watch TV in a dark room.

This isn't to suggest television is bad for you. Quite the opposite.

One programme really got to grips with the problems of being an epileptic. A subject that's easy to shy away from.

It not only confronted misconceptions, it actually helped viewers who suffer from epilepsy.

Yorkshire Television's 'HELP YOURSELF' appears twice a week, at lunchtimes.

It gives self-help advice and information to thousands of people, with all sorts of problems.

On everything from breast cancer to smoke alarms. Stress, to leaded petrol.

On average, 2,000 people phone in for more information every week.

'HELP YOURSELF' only lasts fifteen minutes. It's no epic. It might not win Yorkshire Television any glittering prizes.

But it does win them the respect of the community they *serve;* as well as entertain.

And supports the fact that their success can be boiled down to one simple fact:

Yorkshire Television knows what people want. ('JOBFINDER' secured over a thousand jobs for people last year.)

And what they don't want. (Following a 'COMMUNITY SERVICE ANNOUNCEMENT', the Humberside Disposal of Medicines and Pills *campaign safely disposed of 2½ tons of drugs.*)

And if they've got what they don't want, how they can cope with it. ('CHRISTMAS HELPLINE' solves every domestic problem imaginable.)

Yorkshire Television will continue producing programmes like 'HELP YOURSELF'. Not because the bulk of viewers would have a fit if they didn't.

But because one in every hundred just might.

And they'd be right.

For as well as being one of the largest producers of TV programmes nationally, Yorkshire Television is also one of the most responsible broadcasters, regionally.

YORKSHIRE TELEVISION

SHARPER. TO PUT IT BLUNTLY.

MANAGEMENT

Cross-Channel acquisitions

Making up without banging the fist

Boots found a cultural gap when it bought a chain of French beauty shops. **Michael Skapinker** reports

When he first went to France, Norman Brown was surprised at how often French managers argued with their superiors. He was even more taken aback by the way they criticised their bosses in front of outsiders.

After more than a decade in France as head of the Sephora beauty chain, Brown is now accustomed to the French way of doing business. Some executives at Boots, the UK retail chemist and pharmaceutical group which owns Sephora, found it less easy to adjust.

Soon after Brown took over the management of Sephora, his immediate superior at Boots said he would come to France each month to meet Brown's management team. "He called only one management meeting, which left him red-faced and very angry and, thereafter, he restricted these meetings to himself and me," Brown told a conference in London last month.

The conference was organised by management consultants HAP Systems to look at the problems involved in making acquisitions in another country. Charles Legalos, HAP's chairman, told the conference that in 1988 British companies made 43 acquisitions in France, more than in any other European Community country, although still a long way behind the number made in the US. French firms made 15 acquisitions in the UK in 1988 – once again more than in any other Community country.

Brown told the conference that despite the increasing internationalisation of consumer tastes, the cultural differences between Britain and France remained large. Companies making acquisitions across the channel ignored them at their peril.

Sephora was set up in 1973 by Nouvelles Galeries, the French retail chain. The first Sephora store, offering beauty products and beauty treatments, did not go very well. In 1976 Nouvelles Galeries invited Boots to join the venture and it took up 70 per cent of Sephora's share capital.

A Nouvelles Galeries executive continued to run Sephora, without much success. In 1978 Boots put Brown in charge of the operation. It bought out Nouvelles Galeries in 1979.

Sephora now has 38 stores in France. Brown told the conference that the company's turnover is FFr700m (£71m). Boots does not give separate profit figures for Sephora, but analysts believe these have been unimpressive.

British retailers have found it difficult to transfer their skills to different countries. Last year Boots sold its Canadian retail interests.

Whatever Sephora's ultimate fate, Brown's experiences in France are of relevance to any company thinking of making a cross-border purchase. Many acquisitions *fail* and the main reason, Brown believes, is an incompatibility in management style.

It was not just that the French managers at Sephora talked back more than their British counterparts did. Brown also found it difficult to get them to work together. "The French have never been educated to work as a team and for big jobs teamwork can really be essential," Brown said.

"The other side of the coin is that because they are superb individualists, one can more easily delegate to them and they will go off all alone and produce the goods. In the same situation, an Englishman would always be referring back and asking for more advice. But how often I wished for the British consensus style of decision-making with no banging of the fist on the table."

Brown found his French colleagues very direct in their dealings. "They perceive the English, at best, as hypocrites who beat about the bush and do things behind one's back.

"In my early days when we were still working with Nouvelles Galeries, I remember after one board meeting an NG director saying to me how pleased he was that the Boots MD, who was chairman of the joint company, liked his idea. I asked him what on earth had given him this impression. He explained that the MD had *said* it was a good idea. He would not believe me when I said that our MD was merely being kind and the way he immediately went on to another topic meant that the idea was rejected."

Brown did not just have to get used to French managers. He also had to try to get Boots managers used to France. He suggested, for example, that a French team should design Sephora's second and third shops. Boots overruled him and gave the work to a UK firm with continental experience.

"It was a disaster in the sense that our suppliers said, quite rightly, that the shops were not luxurious enough for their products. I often thought afterwards that a French managing director would never have given in over such an important issue." He was given a free hand in the design of the next store which, he says, was an immediate success.

While Boots let Sephora make its own marketing decisions, it insisted on monthly reports showing performance against budget. The French managers had no problem with this, but they resented Boots's demands for "flash estimates."

"Our finance director always refused to give 'off the cuff' estimates," Brown says. "He insisted on doing the estimate 'correctly', which meant in great detail and when he had someone free to carry out the task. He maintained that he was not going to be held accountable for something which had not been properly researched and calculated. Short of getting rid of him, the only solution was to take on an English-speaking management accountant whose sole job was to liaise with the parent company and keep them happy."

There were other occasions when Brown found it difficult to explain Sephora's demands to the managers back home. Boots thought that certain operations did not need to be computerised in a company of Sephora's size. Yet French companies of a similar size computerised the same operations as a matter of course.

Boots computer specialists thought some of the computer systems that Brown wanted were "unnecessary, too expensive or too complicated for a small company. That was because they were judged complicated for a large company and therefore assumed to be too complicated for a small company, when often the reverse is true.

"Unfortunately, English companies do not always have managers who understand what is necessary to govern an overseas subsidiary. It is an example of parochial attitudes which often exist among specialist managers."

Brown says he did eventually find ways of breaking down the barriers between his British superiors and French subordinates. "Over the years, I ensured that everyone at head office who was in regular communication with Sephora staff spoke French and that the corresponding Sephora staff spoke English. This was a great help in reducing misunderstandings, as were exchange visits."

Brown stepped down as head of Sephora in March this year. His experiences have convinced him that companies do not spend nearly enough time evaluating the management of companies they intend to take over.

They concentrate on the financial state of the target company, assuming that any management deficiencies can be made up by transferring staff from their own company. That is something that is difficult to do when taking over a company within one's one country. It is even more difficult when making a purchase abroad.

"The first step is to assess the chances of success with the present local management," Brown said. "Is it the set-up you want? A simple test is to ask the local management what their problems are. You then ask them to present concrete propositions or strategies as solutions. If you are happy with their assessment of the local environment and their strategy for fitting in, then don't change the management if it can be avoided. Do change the management if the situation is critical because of its incompetence. The workforce will be behind you in this case."

Another mistake acquiring companies make is that they do not tell the managers in the acquired organisation what is expected of them. "One cannot over-emphasise the importance of making sure that the team knows what game it is playing and where the goals are," Brown said.

"Present the objectives clearly to the existing management and make them understand that they have to react and put in place the tactics necessary to attain the objectives."

Above all, Brown said, when managing abroad "look and listen. Don't make value judgments. What is needed is curiosity, openness to change, flexibility and, above all, respect. You really have to like the people and like the country. Moreover, you have to show it."

A persistent distortion in the post-1992 era

David Waller on the effects of tax regimes in Europe

Companies wanting to build a pan-European business are naturally encouraged by the onset of 1992 and all that this date implies for the free movement of goods, services and capital from country to country, unencumbered by the distortions imposed by trade barriers.

However, managers who wish to treat Europe as a real common market will soon bump up against the biggest distortion of all: tax. The charge that governments choose to levy on company profits varies wildly from country to country within the European Community, maximum rates ranging from 64 per cent (in West Germany) to 35 per cent in Spain and the UK.

A recent report from the Institute for Fiscal Studies suggested that the importance of tax in corporate decisions was likely to increase significantly as other distorting influences – such as trade barriers – dropped away. At the moment, nearly half the 173 big UK companies polled by the think-tank said they were *always* influenced by tax when deciding where to set up a production plant overseas, and a further 28 per cent said they were *usually* influenced by tax.

The table below – taken from the IFS report – quantifies the distortions imposed by tax. It shows the pre-tax return that a company must generate from an investment in any one country in order to earn a 5 per cent return after tax. The figures are weighted on two counts – to reflect a typical package of investments, and to reflect a typical combination of three types of finance.

The figures assume that a company invests half its money in plant and machinery, 15 per cent in commercial buildings and 35 per cent in industrial buildings; 70 per cent of the finance comes from retained earnings, 25 per cent from debt and 5 per cent from new equity. Each of these categories of asset and finance receive different tax treatment from country to country, but this weighting corresponds to an average of all investments made throughout Europe.

Other assumptions are that the parent company raises all the money for the overseas investment in the country in which it is based for tax purposes; that the country where the investment is made taxes the profits; that all post-tax profits are remitted to the parent by way of dividends. Also, it is assumed that there is zero inflation. Such a convenient combination of factors is unlikely to prevail in any given situation, but the figures still yield some important conclusions.

What is noticeable is that it matters more where the profits come from than where they are heading

The fact that some of the pre-tax returns are less than 5 per cent shows that some projects in some countries – notably in the Irish Republic – are subsidised by the tax system.

What is also noticeable is that it matters more where the profits come from than where they are heading; the figures are closer together when you look along a line than when looking down a column of figures.

Thus if a project must be located in a given country – for strategic or marketing reasons – companies from country A will not be at a disadvantage to those from country B setting up in country C, irrespective of different tax regimes in countries A and B.

To illustrate these points, the IFS considers a factory which has to be located close to the Mediterranean. The UK company would invest in Italy (5.97 return required, as opposed to 6.08 in France) but a French company would do better to invest in France.

If the factory had to be located in Italy, the UK company would have to earn less than the French company to generate the 5 per cent post-tax return.

If tax is an important influence on decision-making now, it is likely to be more so as other distorting influences – such as trade barriers – drop away with the onset of 1992.

Corporate Tax Harmonisation and Economic Efficiency, by Michael Devereux and Mark Pearson. Available from the Institute of Fiscal Studies, 180/182 Tottenham Court Road, London W1P 9LE. Price £10.

IN SEARCH OF A 5 PER CENT RETURN*

INVESTMENT IN	INVESTMENT FROM: Bel	Dk	F	WG	Gr	Ire	I	Lux	NL	P	S	UK	Jap	US
Belgium	5.83	6.34	6.63	6.36	6.36	7.17	7.24	6.56	6.71	6.71	6.66	6.61	6.78	6.66
Denmark	8.35	7.02	7.24	7.64	9.36	7.84	9.42	7.53	7.38	8.01	7.96	7.28	7.83	7.63
France	6.26	5.67	5.75	5.69	6.75	6.81	7.09	6.03	6.17	6.59	6.32	6.08	6.68	6.12
W.Germany	9.07	8.63	8.92	8.86	8.66	9.23	10.3	8.92	9.12	8.21	9.06	8.51	8.00	8.15
Greece	6.69	7.51	7.73	6.46	5.55	8.62	7.27	7.77	7.41	7.95	7.89	7.82	7.73	7.89
Irish Rep	4.68	4.53	4.64	4.54	4.57	5.08	4.53	4.67	4.77	4.85	4.74	4.71	4.91	4.74
Italy	6.30	6.07	6.24	6.92	6.52	6.87	5.60	6.28	5.91	6.42	6.98	5.97	6.26	6.02
Luxembourg	6.70	6.55	6.38	6.44	6.69	6.98	7.72	6.19	6.43	7.05	6.50	6.45	7.18	6.49
Netherlands	6.28	7.03	6.73	6.27	6.47	6.52	6.74	6.09	6.11	7.56	6.30	6.25	7.64	6.30
Portugal	6.36	6.00	6.28	6.11	6.13	6.87	7.04	6.30	6.43	6.59	6.30	6.25	6.40	6.39
Spain	6.86	6.28	6.48	6.30	6.88	7.75	7.68	6.49	6.63	7.00	6.10	6.54	7.64	7.20
UK	5.71	7.24	6.11	5.91	6.64	6.60	6.93	5.63	5.75	7.02	6.20	6.12	7.83	6.35
Japan	8.38	7.59	7.85	7.61	8.43	8.55	9.08	8.66	8.01	8.87	7.96	7.90	8.24	7.96
US	6.55	6.54	6.02	6.30	7.20	6.59	6.96	6.04	6.17	7.59	7.54	6.08	7.06	5.93

*Weighted average of required pre-tax rates of return necessary to earn a 5 per cent post-tax return

ARTS

Arts Week

F	Sa	Su	M	Tu	W	Th
3	4	5	6	7	8	9

OPERA AND BALLET

London

Royal Opera House, Covent Garden. One of the great masterpieces of post-Mozart Classical opera, Cherubini's *Médée*, returns to Covent Garden in a new production by Mike Ashman, conducted by Mark Ermler. It is – praise be! – sung and spoken in the original French, by a cast headed by Rosalind Plowright in the tremendous title role; others include Alexey Steblyanko, Claire Powell, Renee Fleming and Robert Lloyd. Ballet: On Wednesday Sylvie Guillem and Jonathan Cope dance *Swan Lake*.
English National Opera, Coliseum. Kurt Weill's marvellous Broadway opera *Street Scene* is now in London after being shown by Scottish Opera earlier in the year. David Pountney's production, designed by David Fielding, is conducted by Carl Davis; the cast includes Kristine Ciesinski, Janis Kelly, Bonaventura Bottone and Richard Van Allan. Last performance (Fri) of the surreal, vividly theatrical production of Verdi's *A Masked Ball*. David Freeman continues his ENO Monteverdi productions with *The Return of Ulysses*.
Sadler's Wells. The Merce Cunningham season continues with major creations by this modern dance master.

Paris

Opéra. The Paris Opéra stars and ballet corps accompaniedby the Opéra orchestra conducted by Michel Tabachnik present a Diaghilev evening with *Petrushka, Le Spectre de laRose, L'apres-midi d'un Faune* and *Les Noces* on the programme (47425371).
Théâtre de la Bastille. Daniel Larrieu in the framework of the *Festival D'Automne*. (42969694)

Vienna

Staatsoper. Ballet: *The Nutcracker* is conducted by Michael Sasson. Opera: The premiere of *Furst Igor* in a Warsaw National Opera and Teatr Wielki production, is conducted by Robert Satanowski.
Volksoper. Programme includes *My Fair Lady, Der Zigeunerbaron, Hoffmanns Erzählingen, Eine Nacht in Venedig, Fanny Elssler - Frau und Mythos* (ballet) by Susanne Kirnbauer, and *Die Fledermaus*.

Brussels

Cirque Royal. Bejart Ballet Lausanne performing *1789...et nous*, choreographed by Maurice Bejart (all week).
Théâtre Royal de la Monnaie. The Monnaie Dance Group Mark Morris with Mikhail Baryshnikov in *New Love Song Waltzes* and other works choreographed by Mark Morris. Ingo Metzmacher conducts the Monnaie Symphony Orchestra (Sat, Sun, Tues, Thur).

Berlin

Opera. *Die lustigen Weiber von Windsor* is a well done repertoire performance. *Rigoletto* in Hans Neuenfels' production has a strong cast led by Gwendolyn Bradley, Ute Walther, John Sandor and George Fortune in the title role. *Madame Butterfly* with Yoko Nishida, Marcia Bellamy and John Sandor. Also a ballet evening with choreography by Roland Petit and a performance of *Zar und Zimmermann*.

Hamburg

Opera. *Magnificat* has wonderful John Neumeier choreography. *La Bohème* has Miriam Gauci, Nancy Gustafson, Toniodi Paolo and Andreas Schmidt in the leading roles. *Die Hochzeit des Figaro* is expertly conducted by Bernhard Klee. A Teresa Berganza Lieder recital ends the week.

Bonn

Opera. *Aida* stars April Millo, Grace Bumbry, Lando Bartolini, Francesco Ellero d'Artegna, Giorgio Zancanaro and is excellently conducted by Dennis Russell Davies. Also a concert version of *Adriana Lecouvreur* with Margaret Price, Giorgio Merighi and Bruna Baglioni.

Frankfurt

Opera. *Monsieur Beaujolais* and his company presents threeone act pieces by Jacques Offenbach. The new fascinating and lively production of *La Finta Giardiniera*, by producer Robert Carsen was well received and is wonderfully sung by Werner Hollweg, Pia-Marie Nilsson, Margaret Marshall, Alicia Nafe and Sonia Theodoridou. *Rigoletto* returns with Michael Lewis in the title role for the first time, Michal Shamir, Elsie Maurer and Vinson Cole, conducted by Gary Bertini. Also *Dido und Aeneas*.

Cologne

Opera. The first co-operation between the Düsseldorf Opera and Cologne Opera is the new Wagner *Ring* cycle, produced by Kurt Horres. This week's offering, *Das Rheingold*, saw heavy reaction against the "new homes" definition of the cycle when it opened; singers include Robert Hale, John del Carlo, Mario Brell, Hanna Schwarz, Beatrice Niehoff, Anne Gjevang andJosef Protschka. Also *Hänsel und Gretel* and a ballet guest appearance by the Düsseldorf Opera.

Stuttgart

Opera. *Tannhäuser* convinces thanks to Kurt Rydl, ToniKraemer, Nancy Johnson and Ute Trekel-Burckhardt. The successful Loriot *Martha* production is revived. Also *Madame Butterfly* and *Die Entführung ausdem Serail*.

Barcelona

Lyric Opera of Chicago. Eugene Onegin opens the season atthe Liceu, in the production conducted by Emil Tchakarov. Mirella Freni and Wolfgang Brendel in the lead roles. Gran Teatre del Liceu (318 91 22).

Milan

Teatro Alla Scala. The Tokyo Ballet dancing *La Sylphide*, with choreography by Pierre Lacotte, Bejart's *Bugaku* and *The Firebird* and John Neumeier's *Seven Haiku of the Moon* (80.91.26).

Venice

La Fenice. A moving and beautifully acted performance by Raina Kabaivanska in *Madame Butterfly*, flanked by Giorgio Lamberti, a slightly wooden Pinkerton, sympathetically conducted by Daniel Oren (5210161).

Florence

Teatro Comunale. Verdi's *Rigoletto* in Giancarlo Cobelli's only-partly successful production, conducted by Eduardo Mata and designed by Paolo Tommasi. The first act opens with the projection of blown-up photographs of Giulio Romano's frescoes from Palazzo Te, mainly the more erotic nymphs and satyrs, to emphasise the doubtful goings-on at the court of the Gonzagas. Juan Pons sings the title role less than compellingly, but Mariella Devia is excellent as Gilda (she will alternate in the role with Alida Ferrarini) (2778236).

New York

Metropolitan Opera. Otto Schenck's new production of *Rigoletto* with June Anderson and Luciano Pavarotti opens, conducted by Marcello Panni. Julius Rudel conducts *Il Barbiere di Siviglia* with Marilyn Horne, Stanford Olsen and Gino Quilico in Sonja Frisell's production. The week also includes Franco Zeffirelli's new production of *La Traviata* featuring Edita Gruberova and Neil Shicoff, conducted by Carlos Kleiber. Opera House Lincoln Center (362 6000).

Chicago

Lyric Opera. Placido Domingo sings Samson and Agnes Baltsa is Dalila in Nicholas Joel's production of Saint-Saens' opera conducted by Bruno Bartoletti. The company's first production of *La Clemenza di Tito* is directed by Francois Rochaix with Susanne Mentzer and Carol Vaness (332 2244).

Washington

Washington Opera. *Lucia di Lammermoor* with Ruth Ann Swenson in the title role and Jerry Hadley as Edgardo in Roman Terlickyi's production opens the season that includes the company's first production of *Aida* as well as *Die Fledermaus, The Merry Wives of Windsor* and *The Aspen Papers*.

EXHIBITIONS

London

The Royal Academy. The Art of Photography 1839-1989: in celebration of the 150th anniversary of the first practical demonstrations of the medium, this large and impressive exhibition leads the visitor through the practical developments and aesthetic variations and experiments in the use of the medium, from the work of the earliest pioneers in France, England and Scotland, up to the present. Until December 23.
The Royal Academy. Gauguin and the School of Pont Aven – a fascinating study of the prints made in the 1880s and 1890s by the loose society of artists that came together at Pont Aven in Brittany, of which Gauguin was the leading but not necessarily, at the time, the outstanding figure. Daily until November 19.

Paris

Musée des Arts Decoratifs. Je suis le Cahier - Picasso's sketchbooks. After two years of meandering the world over, the exhibition ends, aptly, in Paris. The 40 sketchbooks covering a period of 64 years follow closely Picasso's development. 107, Rue de Rivoli (42603214), closed Tue. Ends December 31.
Musée des Arts Decoratifs. Bohemian glass 1400-1989. Some 200 exhibits, among them the famous ruby-coloured glass, show how – having freed themselves from Venetian influence – the glassmakers of Bohemia carried the art of cutting and engraving and painting to perfection during the baroque period. 107, rue de Rivoli (42603214). Ends Jan 28.
The Louvre. Arabesques et Jardins de Paradis. The beauty and richness of nature is a leitmotiv which runs through Islamic art from Spain to India, from the 8th to the 18th century. Closed Tue, ends Jan 15 (40205317).
Photography. To mark the 150 years since the birth of photography the Centre Pompidou speaks of the invention of an Art, the Musée d'Orsay stresses its modernity (Quai Anatole France), Archives Nationales recount the genesis of this invention (60, rue des Francs-Bourgeois), Musée Carnavalet shows Paris daguerreotypes (31, rue des Francs-Bourgeois), while the Centre National de la Photographie uses chronology to teach its history (Palais de Tokyo, 16 ave Président Wilson).
The Louvre and the Chateau de Versailles. David. A retrospective consisting of 84 paintings and 165 drawings is held simultaneously in the Louvre and in the Chateau de Versailles. Both exhibitions end Feb 12.
Musée Rodin. A delightful 18th century townhouse – Hotel Biron – contains the life work of Auguste Rodin, whose powerful genius opened the way for modern sculpture. 77, rue de Varenne. Closed Tue.
Musée d'Orsay. The spectacular museum of the 19th century is situated opposite the Tuileries gardens within the metallic structure and the glass-roofed vault of the vast Belle Epoque railway station. Entrance at 1, Rue de Bellechasse (45494814).

Martigny

Fondation Gianadda. A Henry Moore retrospective of some 50 sculptures, 80 drawings shown in rotation and 60 engravings is as impressive by the judicious selection of exhibits, as by the exceptional location for 12 of the monumental statues in a park with Alpine peaks as a backdrop. Ends Nov 19 (026-223978).

Brussels

Europalia Japan 89 has organised the largest festival of Japanese arts and culture outside Japan with performances and exhibitions across Belgium. Palais des Beaux-Arts.

Antwerp

Museum of Modern Art (Muhka) 32 Leuvenstraat. New tools - New Images: art and technology in Japan today with installations by Tatsuo Miyajima, Tsuneo Nakai. Ends Dec 3.

Madrid

Fundacion Juan March. Retrospective of Edward Hopper opens the autumn season at the foundation. 61 works by the New York realist covering a period of 56 years. Until Jan 4.

Barcelona

Fundacion Caja de Pensiones. International art. Exhibition of contemporary art from the museum's holdings acquired since 1985. Closed Mon.

Frankfurt

Kunstverein, am Markt 44. A "Prospect photography" to celebrate the 150th anniversary of the invention of photography with 130 works from around 30 photographers and artists. Ends Nov 26.

Munich

Städtische Galerie im Lehmbachhaus. The most complete retrospective of the expressionist painter Karl Schmidt-Rottluff to date with 370 works from private and public collections.

Bonn

Städtisches Kunstmuseum, Rathausgasse 7. Glanzlichter, 40 years of government support for art. Ends Nov 22.

Vienna

Museum for Applied Arts is hosting a large exhibition devoted to the works of Carlo Scarpa, the Italian artist and architect.

Rome

Palazzo dei Conservatori, Campidoglio. Giuseppe Ceracchi (1751-1801), Jacobin sculptor. The exhibition includes a touching eye-witness sketch of Ceracchi and co-conspirators in a plot to assassinate Napoleon standing at the foot of the steps to the guillotine. Until Nov 12.

Milan

Castello Sforzesco. Unknown Treasures from the Moscow State History Museum. Over 500 pieces of applied art including gold and silver embroidery, lace, brocade, icons, jewellery and costume covering three centuries, chosen from a collection of over 4m pieces. Ends Nov 22.

Mantua

Palazzo Te, Truttiere di Palazzo Te, Reggia Gonzaghesca. A vast exhibition devoted to Giulio Romano, Raphael's favourite pupil, who spent the last 20 years of his life in Mantua, producing masterpieces of architecture, painting, engraving and fresco. Ends November 12.

Venice

Palazzo Grassi. Italian Art: 1900-1945. A much-amplified exhibition covering a briefer period than did the recent show at the Royal Academy in London, organised again by German Celant, with Palazzo Grassi director Pontus Hulten. Ends Nov.

New York

Metropolitan Museum. A decade of fabulous shows borrowed from around the world culminates in the present exhibit of the major works of Velazquez, much of which is borrowed from the Prado in Madrid. Ends Jan 7.

Washington

Hirshhorn Museum. The first retrospective in America [illegible] a quarter century celebrat[illegible] Francis Bacon's 80th birthday with a comprehensive review of his prolific career. Ends Dec 7.

Chicago

Art Institute. Fixing the Shadow shadows the history of photography at its 150th anniversary. Ends Nov 16.

Tokyo

National Museum. Art of the Muromachi Period (1334-1537). Major exhibition featuring some 400 works from the period when the shoguns had consolidated their power. Closed Mondays.

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zaks's desperately bright production comes from the Lincoln Center in New York and is undemanding summertime fare (734 8951, cc 836 2428).
A Flea in Her Ear (Old Vic). Feydeau's farce in the John Mortimer translation spiritedly done as German Expressionist nightmare by Richard Jones and the Quay Brothers, the directing and design team on WNO's *Love of Three Oranges*. Jim Broadbent leads good cast as the discomfited insurance manager and his doppelganger, a drunken hotel porter. An interesting, enjoyable, unfairly derided experiment (928 7616, cc 240 7200).
Another Time (Wyndham's). New Ronald Harwood play, directed by Elijah Moshinsky, about a white South African family in Cape Town and Maida Vale. Albert Finney plays father and concert pianist son across 35 years, suggesting that talent is a means of escape and a reason for not going back. Janet Suzman and Sara Kestelman are electrifying in support (867 1116).
Veterans Day (Haymarket). Imperfect Donald Freed nationalist paranoia play about three veterans gathered to bump off the President partly redeemed by fascinating duo of psychotic Vietnam hero Michael Gambon and brightly accommodating Second World War buddy Jack Lemmon (930 9832).
Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A probable, but unspectacular, hit (839 5972).

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the flavour of the period (239 6200).
Lend Me a Tenor (Royale). A sprucing up in the set of a decaying town's big time opera ambitions makes a transatlantic hit of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor Garber (239 6200).
Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of a three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including On the Town, West Side Story and Gypsy. The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday of the musical.
Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mugging but hollow humour that misses as often as it hits. Christine Baranski leads an ebullient cast in the inevitable but disappointing hit.
Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).
Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).
Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has proved to be a durable hit (947 0033).
M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).
Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Chicago

Driving Miss Daisy (Briar Street). The touching relationship between a dowager, played in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades (348 4000).
Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

Continued on Page 15

ARTS

Sharp focus on Manet

Denys Sutton visits Ordrupgaard, Denmark

Devotion to French art is a long-standing tradition in Denmark, as is stressed by the decorations of the royal palace of Amalienborg, the collections of the Carlsberg Glypthokek and that at Ordrupgaard, which was formed by Wilhelm Hansen. It is thus appropriate that the latter museum, which lies on the outskirts of Copenhagen, should now house a remarkable exhibition of just over 50 works by Edouard Manet (1832-83), arranged by Hanne Finsen.

It is a show well worth visiting, for it contains several paintings from American and Japanese museums that are difficult to see, as well as others still in private hands. Although many famous works are absent, in the aggregate the exhibition provides an excellent visual account of one of the most daring and influential painters of his age. Moreover, it is a welcome relief that the catalogue, in both Danish and English, is not too large.

One of the virtues of a selective show such as this is that the visitor is not suffocated by a surfeit of aesthetic experiences, with the result that an artist's achievement can be more sharply appreciated. The emphasis has been placed on the oils rather than on prints and drawings (a theme in themselves), although a few watercolours are included.

Manet was an innovator who built on tradition. Like many French artists, he was indebted to Titian and Tintoretto and the early portrait of his parents of 1860 in the Musée d'Orsay suggests an awareness of Rembrandt. It is not, however, that Manet was ever such a learned artist as Degas, who was soaked in classical art as well as being deeply conversant with the Old Masters.

In Manet's time Spain was all the rage: Gautier, Hugo, Carolus-Duran and Bonnat are among those who paid tribute to Spanish art. Already before visiting Spain, Manet was aware of Spanish art and the charms of the Spanish picturesque. That he learnt much from the Spanish tradition is revealed in the powerful "A Lady at the Window – Angéline" (Musée d'Orsay, Paris) which may well date from before the artist went to Spain.

Manet visited this country in 1865, but he stayed for only a short time. His friend Théodore Duret, who made his acquaintance there, recounts that he returned home as he did not care for the food. It gives Manet a very human touch, to think of him forsaking the aesthetic pleasures of Madrid and Toledo for the culinary delights of Paris. Yet it has to be remembered that an artist with an eye only requires a short period in which to assimilate those lessons that correspond to his needs. Details about the artist's time in Spain are provided in Juliet Wilson-Bareau's delightful volume, *Edouard Manet Voyage En Espagne* (1988).

His rapid grasp of the essential qualities of Spanish art is repeatedly stressed in this exhibition as in that marvellous "symphony" of black, white and pink "The Dead Toreador" of 1864-65? in the National Gallery of Art, Washington, or the sketchy "Portrait of Berthe Morisot" (1868 or 1872) in the Hiroshima Museum.

One of the most innovative of the pictures inspired by Spain is "The Bullfight" (1865), from Chicago, which was painted in Paris on the basis of his experience of a bullfight that Manet witnessed in Madrid. In this evocative canvas, Manet's technique underlines his affinities with impressionism. A debt to Goya is evident.

Portrait painting was a favoured and profitable genre in Manet's time. He was never a professional portrait painter in the true sense of the word, but this exhibition underlines his skill and versatility in this genre. That he had the knack of capturing the essence of a personality is shown in the portrait of the journalist Henri Rochefort (Hamburg) that appeared in the Salon of 1881. Yet at the same time Manet's delight in the visual relationship between the white collar and the dark suit may be appreciated.

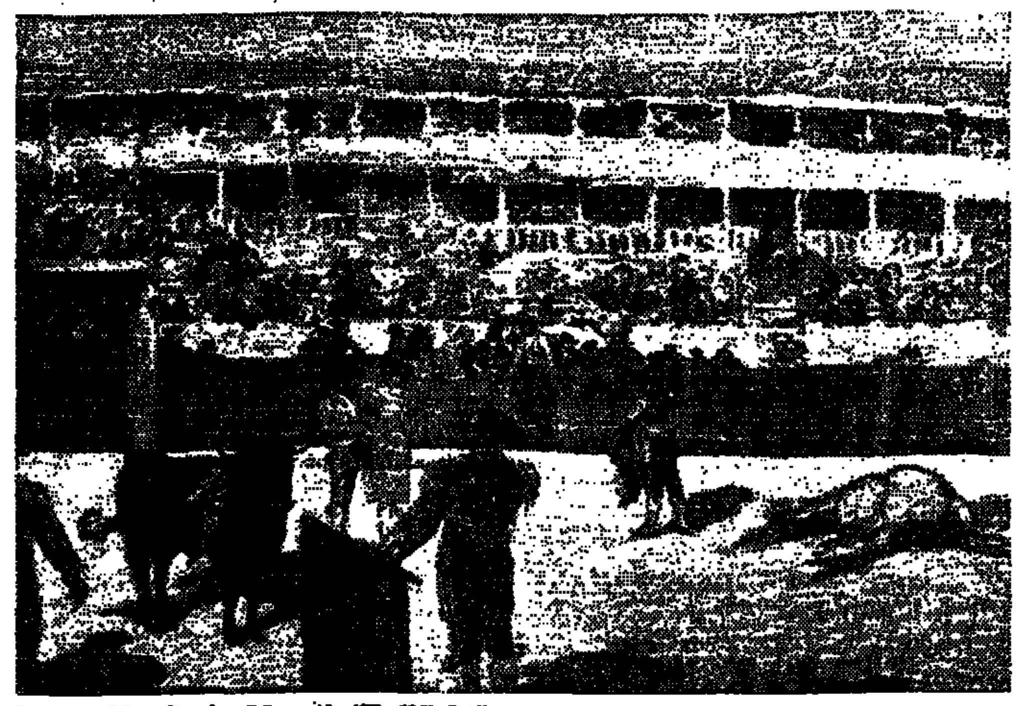
The portrait of Clemenceau (1879-80) from Fort Worth is no less telling. Although unfinished and possibly based on a photograph, it presents an image of a man justly known as the Tiger. Manet's observation of character is evident in the full-length portrait of M. Brun (1879?), from Tokyo, which seems to have been painted with some humour: after all, the artist was a contemporary of the dramatist Georges Feydeau.

One of the many interesting points made in the catalogue is that the Swedish artist Andreas Zorn was influenced by Manet's "Portrait of Léon Leenhoff" (c. 1869), in the Nationalmuseum, Stockholm, which was once in his possession. Manet's own debt in this picture to Frans Hals is clear.

His love of tradition is evident in his delight in pastel, a medium associated with the 18th century which is especially effective in suggesting female charm. This trait is displayed in the seductive pastel of Mme Jules Guillemet of 1880 in the Ordrupgaard Collection.

Manet had a remarkable gift for finding unusual subjects – "Olympia, le Bon Bock, Nana, Le Bar aux Folies-Bergère" – but while their content fascinates, in the end it is the superb handling of the paint and the delight in colour relationships that carry the day. This pleasure in pigment and ease of handling characterised the still lifes and the two scintillating Venetian scenes in this exhibition in which Manet sought to capture the play of light that "remind him of champagne bottles floating bottom up . . ." Champagne is the right word to associate with this artist: his pictures have the power to exhilarate and to enchant.

This exhibition, which is on view until November 26, is sponsored by Novo-Nordisk A/S. The Ordrupgaard collection is situated at Vilvordevej 110, Charlottenlund. The telephone number is 31641183. The exhibition is shut on Monday and open from 1-5pm on other days and from 7 to 10 pm on Wednesday.



Inspired by Spain: Manet's "Bullfight"

The Damnation of Faust

BARBICAN HALL

Though Berlioz's *Damnation of Faust* has often been staged, it really remains one of the grand 19th century unstageables. Berlioz seems to be raising his eyes above the conventional stage and to be envisaging 20th century film technique. Listening, we do too. At the start, we encounter Faust alone, as if in close-up; but – over his shoulder, as it were – we see peasants, then soldiers. At the end, we move from Hell, with a brief touchdown on earth, to heaven.

We also move, in the first of the work's four parts, to Hungary, and those soldiers introduce the big Hungarian Racoczy march. With this as its excuse, the work turned up on Wednesday night as part of the Barbican's Festival "Magyarok – Britain Salutes Hungary." But who can have left with Hungary on his or her mind, when there was the unusual genius of Berlioz to think about? This work is one of his best-known, and yet it often seems marvellously peculiar.

It is at its clumsiest and least inspired when it comes closest to stage convention, as in the trio and chorus that close Part 3. But in its vast range and in innumerable details, it is unsettlingly bold. There are shockingly vivid effects of orchestration, and a brilliant unpredictability of vocal line. You could study the melody, dynamics and rhythms of Marguérite's two solos for hours and still not exhaust their uncanny psychological penetration.

The Barbican account was spirited, the London Symphony Orchestra and Chorus vividly involved in bringing the work to life. Brass and woodwind players in particular made many striking contributions. Colin Davis conducted this score with mellow expansiveness. There were some exaggerations of tempo, but only one – the acceleration towards the end of "D'amour l'ardente flamme" – that misfired.

Keith Lewis's Faust provided a firm and varied focus to the music-drama. He was at his best in quick alternations of dark and bright tone in the soliloquy that opens Part two and in the grand declamatory force of Part Four's "Nature immense." Anne Sofie von Otter, though equipped with the evening's most remarkable and colourful voice, made the least even impression. She showed always a clear sense of her music's architecture, she could be eloquent and sing with luscious ease. But under pressure her enunciation became less precise and, in sustained notes, her vibrato grew heavier. David Wilson-Johnson, replacing the indisposed Andreas Schmidt as Méfistophélès, proved to be the evening's most lively communicator – his delivery not only nicely Gallic but also witty.

Alastair Macaulay

Il Barbiere di Siviglia

GLYNDEBOURNE TOURING OPERA

Last of the three productions in Glyndebourne Touring Opera's season (Plymouth this week, then Oxford, Southampton, Manchester and Norwich) is Rossini's *Il Barbiere di Siviglia* in a revival and revision (by David Edwards) of the distinguished production by John Cox. Designer William Dudley is the same. Ivor Bolton conducts the GTO orchestra.

Cox's original was notable for sense, clarity and a welcome reticence just where over-routined buffo performers are tempted to shove *The Barber* over the edge from broad comedy into knockabout farce. Some of that reticence remains – the music lesson and the shaving scene, while amply comic, do not degenerate into slapstick. Figaro remains at centre of the action without pushing himself there.

Something has evaporated in the process: the atmospheric opening has lost the feeling of chill early mornings. Presumably for touring purposes, the sets have been altered, not I think to their advantage. There is still no doubt at all where the opera takes place – this is Seville and no mistake, but the games Dudley formerly played with pictorial styles have been sacrificed for international hotel-boutique chic of the kind referred to in brochures as "luxury." The gaudy opulence of Dr Bartolo's interior hardly suggests that he need have coveted Rosina's dowry.

The Figaro of the French baritone René Massis is quietly mercurial, ubiquitous without being obviously so. Precise and elegant movements suggest the schemer as well as the charmer. The voice is smooth and agreeable. There is an unusual Basilio from Peter Rose, not the conventional scraggy crow but a heavily-built, slow-moving man like a dusty, bewigged Wotan. Andrew Shore's Bartolo is a lovely study of a pompous, self-regarding senior professional man, short-sighted in more ways than one, lost without his spectacles yet frequently parting from them. Both these artists sang their big arias with remarkable intelligence.

Louise Winter, as Rosina, matched the general tone of the production, underplaying the spitfire side of the character, dressed demurely in a pale costume like a wedding dress for which someone had forgotten to order train and veil. Miss Winter's singing was fluent and even over the wide range, pleasing in timbre, a little monochrome in colour.

Almaviva was the American tenor Robert Tate. He was nervous at first but gave a very fine, poised account of "Se il mio nome." After this he disappointed by overplaying his disguise as a drunken soldier. From the lesson scene onwards all went well enough to make one regret the absence of the final aria. Clearly, Mr Tate is a lyric tenor of great promise who hasn't so far pulled this particular role together. Sarah Pring's avid Berta is a pleasure. Gerald Finley's Fiorello, loud and heavy, is not nearly as good as his travel clerk in *Death in Venice*.

Mr Bolton accompanied the main arias very tidily, but as a whole the orchestral playing, at this third performance, had not quite settled down. Rossini, even at his most familiar, is not a walkover for a newly-formed orchestra. The last thing to come is what is most needed: a kind of conversational flexibility within extreme clarity, good talk after good wine and not too much of either. This happy state was eventually reached on Monday but not until we were well into the second act. The trio after the storm and the final vaudeville went beautifully.

Ronald Crichton

Lithuanian theatre in Glasgow

Glasgow's New Beginnings festival of the Soviet Arts promises to get to those parts that other events can't reach – even, for those whose appetite breaks cultural bounds, to the stomach (a ten-day foray into Russian cuisine continues until Sunday).

At the Tron, the Lithuanian State Theatre begin a two-play offering with the most extraordinary interpretation of *Uncle Vanya* one is ever likely to see. This is Chekhov filtered through a tradition that is broad, sentimental, melodramatic and unashamedly self-indulgent in its mining of every pause for a fortune in comic business. The whole show clocks in at well over three hours long.

The most illuminating feature of it is how close the knockabout antics of the piece come to the traditions of Yiddish music hall: as Vanya soliloquises about the destruction of work, a clown's chorus of three servants leaps around centre-stage in an attempt to polish the floor with felt slippers. The same three clowns, a drunken, imbecilic reflection of Astrov's despair about the peasantry, return at regular intervals to undercut bourgeois seriousness or merely to change the scenery.

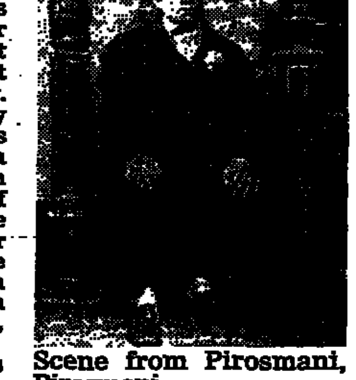
Nor does the buffoonery stop with them. The penniless landowner, Telyegin, a stout, bearded sponger, takes up the comic theme by being present during every intimacy – a lurking, cringing figure in the shadow of a potted palm, who creeps forward every now and then to spray or sprinkle himself with perfume from an array of bottles scattered over the top of a piano. This, it seems, is the drugs cabinet kept by the sensuous, posing Yelena to administer to the imagined ills of her ailing husband, who is played not naturalistically old, but as a crippled martinet whose walking stick is used to support his rigid body at gravity defying angles, or to hoist up his wife's skirt in a grotesque parody of marital intimacy.

However, Eimuntas Nekrosius, the young director whose work this is, has not made his name in the Soviet Union by trivialising Chekhov. It takes a while for the penny to drop that the clowning is intended not as a distraction but to concentrate the mind on the underlying melancholy of character and situation – the one intractable, the other unbearable, but for the ubiquitous vodka, which reduces the doctor, Astrov, to a snorting pig on all fours, covered with an animal hide.

The urgency of Sonya's repeated entreaties to Astrov to stop drinking are charged with a real fear of the bestiality of drinking men; her faltering, oblique attempt to gauge his affections is made through the bars of a book case, which separate them like the bars of a cage. On top of it lies a spilling vodka bottle: in the middle burns a candle – representative of the two religions of the Russian landed classes.

The beseeching earnestness of Dalia Overaite's Sonya makes a poignant contrast with the feline restlessness of a Yelena (Dalia Storyk) unable to decide in what attitude to compose her features. Likewise, the bumptious jocularity of Astrov – which extends to feigning death in his farewell scene with Yelena – makes a forceful contrast with the desperate intemperance of Ivanya (Vidas Petkevicius), whose madness sweeps past his attempt to shoot the professor and drug himself.

With the sort of coup de grace one ought to have expected but somehow didn't, Nekrosius slips finally into expressionist mode, leving Vanya in the compulsive judderings of terminal illness – having glass philtres applied to his back by Sonya, like a sombre ministering angel to the living dead.



Scene from Pirosmani, Pirosmani

★

The Lithuanian State Theatre's second contribution to New Beginnings, *Pirosmani, Pirosmani* (also at the Tron) is a quirky, vivid portrait of the artist as an old man. Its subject is the Georgian primitivist painter Nicolay Pirosmanashvili (1862-1916) who lived and died in poverty before receiving posthumous recognition as a folk hero. Director Eimuntas Nekrosius sets about him with the same exuberant imagination as he applied to *Uncle Vanya*, smudging the particularities of one man's life to clarify the precarious, tormented existence of artistic vocation. The play, by V. Korostyliov, catches the artist in his dying day with only a mute caretaker to defend him against his hallucinations. One by one the spectres of his art confront him: the ballet dancer who left him for Paris, the drinking companion who left him asleep, the hard-faced whore who, taken for his ideal woman lures him to his death.

The life of the piece lies in its picture-making which is brilliantly organised by designer Avomas Jacovakis around a shopfront with glass that is whitewashed except for a series of picture shapes in which the characters of Pirosmanashvili's paintings act out his fantasies. A psychopath sinks a dagger into his neck, causing a thin red trickle of blood down the wrong side of the glass; a woman with cherries at her neck shouts silently at him, only to have the place where her mouth was stopped up with red tape.

As in *Uncle Vanya*, Nekrosius displays a supremely confident disregard for conventional pacing, and there are moments in *Pirosmani* when he stretches his audience too far. But he has the power to recall concentration for the significant image – the artist bowed beneath a thicket of chairs, or statuesque in death beneath a powdering of flour.

The performances are economic and muscular, with interesting echoes of *Vanya*: Pirosmanashvili himself is played by Vladas Bagdonas – Chekhov's crusty professor – with a picture frame in lieu of a walking stick, while Vidas Petkevicius, as the caretaker, displays a loyal eccentricity one step removed from Vanya's madness. It is a powerful piece of ensemble playing which, perhaps because it involves so many unknown factors, fails quite to live up to its cult status.

Claire Armitstead

Yolande Snaith

ICA THEATRE

Does dance have to be childish? It often seems so in Britain. Many of our dancers appear to be inhibited by the rules of whichever school they belong to. Almost all our ballet dancers are girls and boys forever, and most of our choreographers remain well-scrubbed students.

It's significant that some of the most intelligently adult behaviour in our dance scene is produced by choreographers – Lloyd Newson, Ian Spink – who are far more interested in behaviour than in dance. But the general British look in any academic dance form is uptight. Frederick Ashton said that he spent his whole career telling dancers: "Don't be so prim and British."

Much of our best dance work is still only of school-leaver or college level. Its humour is marked by naughtiness and impish irreverence, its seriousness by angry diatribes against the establishment. It is rare to find the naughtiness and the seriousness co-existing in one work, as in *Germs: Advanced Lessons in Social Skills*, by Yolande Snaith.

Snaith's dance language is not academic, and in *Germs* – a duet for Snaith herself and Kathy Crick – she is more obviously concerned with behaviour than with dance. Yet, she's as exact in terms of rhythm and position as many dance academics. Earlier this year I briefly reported on previous, shorter versions of this work. It has become more clear with each viewing that the subject Snaith treats here with such nonsensical eccentricity is schooling itself: the inhibiting or liberating aspects of a child's education. At its best, which is most of the time, *Germs* is a Lewis Carroll treatment of a Charlotte Brontë theme.

It starts with the unformed child's gesture of self-expression and its cry for attention. Snaith and Crick – heads covered by pans – wail baby-like, their wails rise and fall like sirens. This up-and-down phrasing translates into the left-and-right sway of their steps, banging pans. But then the banging and the stepping start to seem fierce, punitive, matron-like. This alternation between playful child and Puritan authoritarian – so disarmingly British – is managed beguilingly throughout the work. Deadpan and strict, they begin to chant their text (from *The Young Ladies' Journal 1866*) about the training of the young child.

"It is necessary to apply the pruning-knife pretty vigorously – for the buds are but the germs of vices . . . The child cannot too soon be taught that the world is not all toffee and self-gratification." To hear these words is a hoot – and chilling. Then, more icily calm than ever, they announce: "To the pure, all things are pure." One then solemnly unlaces the other's bustle, extricates a pen from that and plucks, gingerly, a piece of mouldy fruit from the pen.

The film that follows this proceeds with nightmare logic from there. Lacing, stitching, operation, birth. Children, fruit, food, mincemeat. Chickens, stuffed, sewn, put in nappies, patted, nursed. After which disturbing interlude, the two dancers return, first in one lyrical duet; as if showing us a wholly other form of social freedom, then in a Tweedledum-Tweedledee duet, wearing pans as hats. They end with a childish gesture – a competition of how far each can spit water into pans along the floor.

The work is now 90 minutes long. Though almost every section is tightly made and cleverly connected to the other sections, you begin to flag during its last third. Snaith is not yet one of those few artists whose mastery of rhythmic architecture grips you non-stop for such a length of time. But her wit, precision and seriousness command such respect within the first minute or two that you none the less attend keenly throughout. Childish and adult, irreverent and authoritative, *Germs* is the needling dance-satire that we British deserve and need.

Alastair Macaulay

ARTS GUIDE

November 3-9

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MUSIC

London

BBC Philharmonic Orchestra conducted by Edward Downes. Mahler, Liszt, Balassa. Barbican Hall (Sat) (638 8891).
The London Philharmonic conducted by Franz Welser-Most, with Barbara Hendricks (soprano), Michael Chance (counter-tenor), Jeffrey Black (baritone). Mozart, Orff. Royal Festival Hall (Sun) (928 8800).
Stephane Grappelli in concert, with Martin Taylor, Jack Sewing, Marc Fosset, Allan Ganley and Jeff Green. Barbican Hall (Mon) (638 8891).
Royal Choral Society with the Wren Symphony Orchestra conducted by Laszlo Heltay. Elgar's *Dream of Gerontius*. Royal Festival Hall (Wed) (928 8800).
Wexford Festival Opera and the Radio Telefis Eireann Symphony Orchestra conducted by Marco Guidarini. Mozart's opera *Mitridate, Re di Ponto* in a concert performance. Queen Elizabeth Hall (Wed) (928 8800).
The Philharmonia conducted by Jansug Kakhidze, with Nadja Salerno-Sonnenberg (violin). Borodin, Tchaikovsky, Rachmaninov. Royal Festival Hall (Thur) (928 8800).

Paris

Württembergisches Kammerorchester Heilbronn, with Anne-Sophie Mutter (violin). Respighi, Bach, Tchaikovsky, Schubert (Mon). Théâtre des Champs Elysées (47203637).
Orchestre Philharmonique de Radio France and the Radio France Choir conducted by Gianluigi Gelmetti. Gagneux, Rossini (Tue). Théâtre des Champs Elysées (47203637).
Orchestre de Paris conducted by Serge Baudo, with Luben Yordanoff (violin). Berlioz, Glazunov, Dvorak (Wed, Thur). Salle Pleyel (45630796).

Brussels

RTBF Symphony Orchestra conducted by Andre Vandernoot, with Abdel-Rahman El-Bacha (piano). Bach, Mozart and Prokofiev. Palais des Beaux-Arts (Sun).
Royal Wallonia Chamber Orchestra and I Fiamminghi Ensemble performing Bach, Barber, Mozart and Ysaye. Palais des Beaux-Arts (Tues).
Japanese Dance and Music, a performance by 20 musicians and dancers (Europalia Festival). Palais des Beaux-Arts (Tues).
Belgian National Orchestra conducted by Paul Strauss, with Ulrike-Anima Mathe (violin). Debussy, Mendelsohn and Prokofiev. Palais des Beaux-Arts (Thur).

Frankfurt

Opera Gala, in aid of the Jose CarrerasLeukaemia Foundation, with *Italian* singers and orchestra (Mon). Alte Oper.
Schleswig Holstein Festival Chamber Philharmonic Orchestra andpianist Justus Frantz. Mozart (Wed). Alte Oper.

Cologne

Juilliard String Quartet. Haydn, Beethoven and Wolpe (Tues). Philharmonie.

Florence

Michele Campanella (piano). Scarlatti and Brahms. Teatro Comunale (Wed) (2779236).

Rome

Emerson Quartet. Mozart, Bartok and Schubert. Teatro Olimpico (Wed) (393304).
Vlado Perlemuter (piano) playing Debussy, Chopin, Fauré and Ravel. Teatro Ghione (Thur) (63.72.294).

Milan

Pioneer Philharmonic conducted by Vladi Simeonov. Beethoven, Berlioz, Tchaikovsky. Conservatorio G. Verdi (Wed) (76001755).

Vienna

Ensemble Kontrapunkte conducted by Peter Keuschnig. Musikverein (Fri).
Wienerkammerorchester, conducted by Herbert Pripopa. Biber, Mozart, Dittersdorf. Konzerthaus (Sat).
Wien Modern Festival. Austrian Styate Radio and Orchestra conducted by Hans Zender. Stravinsky, Zender, Maderna, Reger. Konzerthaus (Sun).
Wien Modern Festival. Arditti Quartett. Gubaidulina, Furrer, Webern, Kurtag. Konzerthaus (Mon, Tues, Wed).
America Music Ensemble conducted by Hobart Earle. Aguila, Bernstein, Herbert, Wourinen. Konzerthaus (Wed).
Klaering Quartett. Richard Struass, Caplet, Bruckner. Austrian State Radio and Television centre. (Thurs).

Madrid

Spanish National Orchestra and choir conducted by V. Pablo Perez, with Helen Donath (soprano), Alfonso Echevarria (baritone). Alis, Poulenc, Sibelius (Fri, Sat, Sun). Auditorio Nacional de Musica (337 01 00).
Brigitte Fassbaender (mezzosoprano) with Markus Hinterhauser (piano). Schubert programme. Auditorio Nacional de Musica (337 01 00).

New York

Orchestra of St Luke's conducted by John Adams and Charles Wuorinen with Jeffrey Kahane (piano) and Fred Sherry (cello). Adams, Wuorinen, Copland, Gershwin (Mon). Carnegie Hall (247 7800).
New York Philharmonic conducted by Zubin Mehta, with Itzhak Perlman (violin). Beethoven programme (Mon); with Leonard Davis (viola). Arthur Cunningham, Schumann, Strauss (Tue). Avery Fisher Hall (874 6770).
Philadelphia Orchestra conducted by Riccardo Muti, with Shlomo Mintz (violin). Rands, Mozart, Tchaikovsky (Wed). Avery Fisher Hall (874 6770).

Washington

National Symphony Orchestra conducted Hiroyuki Iwaki with Leonidas Kavakos (violin). Toshi Ichiyanagi, Dvorak, R. Strauss (Tue). Kennedy Center Concert Hall (467 4600).

Chicago

Chicago Symphony Orchestra conducted by Sir Georg Solti. Bruckner programme (Thur). Orchestra Hall (435 6666).

SALEROOM

Early Turner on the market

Christie's has been selling French furniture in New York and English furniture in London. Among the former a Louis XVI ormolu mounted Japanese black and gold lacquer commode made around 1785 and stamped Adam Weisweiler sold for £168,906, within estimate. It was possibly part of the original furnishings of Carrington House, home of the 1st Lord Carrington.

An ormolu mounted tulipwood and parquetry secretaire à abattant, stamped Pierre Roussel, more than tripled its forecast at £105,556, while a small terracotta cast made by Clodion around 1800, a study for "The Deluge," made £91,491. It was sold by the Hirshhorn Museum to benefit its acquisitions programme. All told the sale brought in £2.5m ($3.9m) with 14 per cent unsold.

In London English furniture amassed £329,813, with 13 per cent bought in. A set of ten Regency mahogany dining chairs did best at £9,900.

Sotheby's is steadily working its way through a massive photography sale in New York. Latest prices include the £76,582, around three times the estimate, paid for a solarised silver print by Man Ray entitled "The primacy of matter over thought," depicting a female face emerging from a splodge. "Calla Lilly," a rather pornographic image signed by the photographer, Imogen Cunningham, also far exceeded estimate at £41,772 while "Sand Dunes, Oceano" by Edward Weston performed well at £25,063.

There are less than 50 oil paintings by Turner in private hands and serious collectors could well be interested in "Seascape with Squall coming up," an early work, dark with menace, and quite different from the golden canvases of his later period which have recently proved hard to sell in the auction rooms. A modest estimate of up to £700,000 is placed on this work, which comes from the US, and goes under the hammer at Sotheby's on November 15.

In the same auction the British Rail Pension Fund is cashing in one of its investments: a late work by Gainsborough showing a drover with horses at a stream. It is unique to his oeuvre, showing Dutch influences and had been on loan to Kenwood. It is expected to make the pensioners up to £800,000 richer.

Antony Thorncroft

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The debate about Emu

WHATEVER THE substantive merits of its evolutionary approach to economic and monetary union, published yesterday, the British Treasury is in a ludicrous position. How can it keep a straight face when recommending to its most enthusiastic members the virtues of a club that the UK has found so many excuses for not joining?

For the irony is that the Treasury proposes little more than "the fuller development of the European Monetary System," the arrangement the UK has fought so long to stay out of. Unabashed, it trots out, once more, all of the depressingly vague conditions for full membership of the EMS: lower inflation in the UK, capital liberalisation in the European Community and "real progress towards completion of the single market, freedom of financial services and strengthened competition policy."

The Treasury argues that, as exchange controls disappear during the first stage of the plan for economic and monetary union proposed by the Delors committee, the asymmetries between strong and weak currencies will become more powerful. "These asymmetries," it remarks approvingly, "will provide a major stimulus for monetary authorities to aim at an inflation performance in line with the best in the Community." Can this be the Government whose head remarked two years ago that she was glad not to be in the exchange rate mechanism, because – under the Bundesbank's tutelage – "the whole of Europe is geared to a slightly deflationary policy?"

Fixed exchange rates

The source may be ridiculous, but this does not make the recommendations absurd. Up to a point, they are even helpful, but they do not go far enough. Over time, the Treasury notes, "realignments would become rarer, fluctuations within the ERM bands would become smaller, and the EMS could evolve into a system of *more or less fixed exchange rates*" (our emphasis). But economic and monetary union does at the very least mean irrevocably fixed exchange rates, along with free movement of capital.

The Treasury proposals amount to a sort of "stage one plus" and include greater freedom for the use of the currencies of the member countries, for investment and for financial services throughout the EC. Also suggested is a reduction in barriers to more convenient means of payment, like credit cards. These are sensible, if modest, adjuncts to what is sure to occur, especially to the extent that they imply openness to the world as a whole. Nevertheless, the plan does not offer an alternative path to economic and monetary union, since it does not terminate in such a union, even on the least demanding definition.

Suppose that the Treasury were, instead, to have recommended as its terminus the irrevocable fixing of exchange rates. This might, indeed, have been considered as an alternative to the Delors approach, since it would not require the suggested European System of Central Banks. In practice, however, it might not make all that big a difference. Since national moneys would be increasingly used outside their countries of origin, monetary policy would have to become more international in focus and co-operative in style.

Cogent criticisms

For the moment, however, the Treasury has done no more than adumbrate an elaboration of the Delors first stage. It does, however, level cogent criticisms against parts of the Delors plan itself, including the binding controls over fiscal deficits and the place accorded to regional and structural interventions. The Treasury is equally right to stress the profound political implications of the proposed centralisation of monetary policy.

Nor is it wrong to underline the unpredictability and complexity of stage one itself. It may well be unwise to assume that the sea will soon be flat when the storm has just begun. The UK's experience of financial liberalisation enables it to make this comment with authority.

The pity is that, by its refusal to join the ERM soon, the UK is likely to be ignored, even when it has sensible criticisms to make and useful suggestions to offer. If this does happen, the Government will have no-one to blame for its predicament but itself.

Greece needs a new broom

GREECE, WHICH IS preparing to hold its second general election within four months next Sunday, urgently needs a period of stability to put its economic house in order and to recover from the scandals which have shaken the body politic. Yet, even after the defeat suffered in June by Mr Andreas Papandreou's Pan Hellenic Socialist Movement (Pasok), his forthcoming trial for alleged involvement in a $200m bank scandal and illegal phone-tapping and his well-publicised romantic affairs, there can be no certainty about the outcome of the poll. Although it would be the worst possible result, the election of another hung parliament cannot be ruled out.

To reach this conclusion might seem surprising in the circumstances. Mr Papandreou and his party – five of his ex-Ministers will be facing corruption charges at the same time as their party leader – have been covered with enough mud to sink them as a political force for years to come, or so it would seem. In most other countries, Pasok's recent record would be enough to let in their biggest rivals, the conservative New Democracy Party, with a large overall majority. But Greece is a country where political and financial scandals tend to be looked upon as the normal currency of life and human weaknesses of the kind displayed by Mr Papandreou are treated with relative tolerance.

Powerful defence

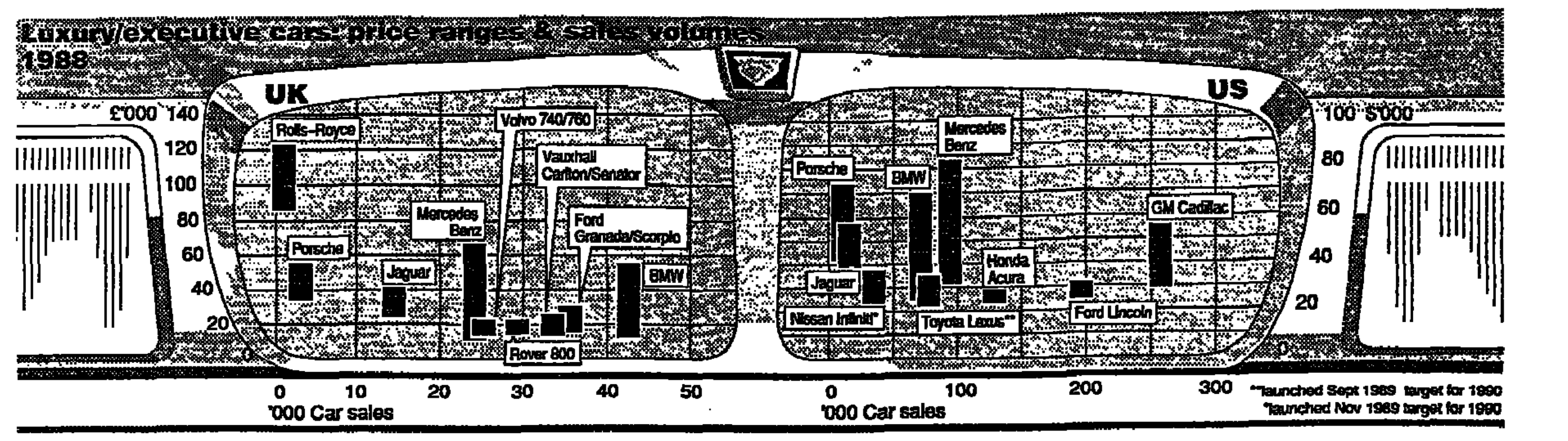
There are other reasons why Pasok cannot be written off, if only as a sufficiently powerful political force which could prevent Mr Constantine Mitsotakis's New Democracy from forming a viable administration on its own. Mr Papandreou, though physically diminished by his recent heart operation, has lost little of his old charisma and has launched a powerful defence against his detractors. His strongest card, apart from his well-known political skills, is that the criminal charges against him remain far from proven, since they are largely based on the suspect evidence of Mr George Koskotas, the main defendant in the Bank of Crete scandal.

The latest public opinion polls show that Pasok's support remains at 39 per cent, the same as it was at the election last June, when New Democracy polled a little more than 44 per cent of the vote to emerge as the biggest single party. But New Democracy was still six seats short of an overall majority in the 300-member Parliament and those extra seats require an additional share of some 2 per cent of the total vote under Greece's proportional system, which will not be easy to obtain. A week before the election, the party's support stood only half a point higher than it was in June.

Unusual coalition

By any objective standards, however, New Democracy has done extremely well since the June election, given the difficult circumstances of a hung parliament. The odd couple it has formed with its unusual coalition partner, the Alliance of the Left and Progress, grouping the traditional pro-Soviet and Euro-Communists, has been effective within the limits imposed on it. The interim Government has set a precedent by undertaking the cleansing of the political system – the policy of "catharsis" – and it has managed to make a start at defusing the bitter enmity between Right and Left that has existed since the Greek Civil War of the 1940s.

Yet a coalition of this kind is unable to take the radical economic decisions that are now required to clear up the mess left by the last Pasok government, such as a public sector borrowing requirement of as much as 22 per cent of GNP, inflation of 14 per cent and a rapidly rising current account deficit. New Democracy, with its emphasis on competitiveness and its programme of public spending cuts and the privatisation of loss-making state corporations, appears to be the only party qualified at the moment to prepare the Greek economy for the single European market. It would be a sad day for Greece if it were again to be deprived of a working majority.



Kevin Done explains why Ford is so keen to take over Jaguar

Desperate for the luxury cachet

The hectic pursuit of Jaguar by Ford and General Motors has been a startling admission by the world's two largest car makers of their failure to break into the exclusive upper reaches of the world's luxury car market.

Ford's willingness to spend nearly £1.6bn to acquire a company, which was operating at a loss in the first half of this year, bears eloquent testimony to the price it is now ready to pay to make good the shortcomings of its previous efforts.

GM's and Ford's long-established leadership of the world motor industry is under threat as never before from their Japanese rivals. For two decades they have watched like giants with feet of clay, as the Japanese car makers have stolen trick after trick, inexorably eroding the US car makers' previously impregnable position.

Finally in the last two years it has become apparent to Detroit – just as it has to Daimler-Benz in Stuttgart, BMW in Munich and Jaguar in Coventry – that the Japanese were ready to launch an all-out assault on the final unconquered bastion of the world car industry – the luxury car market.

While this sector was previously the preserve of a select band of prestigious medium and low volume car makers, such as Daimler-Benz, BMW, Jaguar and Porsche – with few wider ambitions for domination of the world industry – Ford and GM were able to overlook their own absence from this rarefied market. They could continue producing their Cadillac (GM) and Lincoln (Ford) limousines that had successfully appealed to generations of traditional US luxury car buyers, even if they had failed to make much impression anywhere else in the world.

Too late Ford and GM have woken up to the fact that the world has changed. There have been sharp demographic shifts as the baby boomer generation has matured and begun to enter its most affluent years. The number of potential luxury car buyers in the world is set to grow rapidly, but their tastes have also begun to change. The new generation is seeking performance and driving pleasure as well as luxury, prestige and exclusivity.

Ford and GM now realise that the buyers of their Lincoln and Cadillac luxury cars in the US are a dying breed. The average age of a Cadillac driver in the US is 61; it is 57 for a Lincoln driver. The average age of a Jaguar driver in the US is 49; it is 48 for a Mercedes-Benz driver and 43 for a BMW driver.

"What is exciting all the auto companies is that over the next 10 years the number of people in the US in the 35-44 year age group will increase by 20 per cent while the number in the 45-54 age bracket will increase by 50 per cent," says Mr Stephen Reitman, motor industry analyst at UBS Phillips and Drew.

"The baby boomers born between 1946-55 will consist of some 60m people, about twice that of the previous generation, and will form a natural pool of well-educated potential luxury car buyers." The number of households with annual incomes over $50,000 (£31,686) will increase from 10m to 19m.

Similar demographic trends are apparent in Europe and Japan, and Ford is convinced that big opportunities will emerge in the Far East as the huge trade surpluses that are being built up are eventually transformed into much-increased purchasing power. Part of the object of such purchasing will be luxury goods, of the most exclusive and prestigious variety, and Ford and GM have nothing to offer.

In the US the top-of-the-range Cadillac and Lincoln cars barely exceed the $30,000 price tag. Even though the Europeans have been forced by a weakening of the US luxury car market to moderate their prices, Jaguar starts selling at $39,700, while its most expensive model costs $57,000. The BMW 5 and 7 series are priced in the US from around $37,000 to $70,000, while Mercedes-Benz sells from $32,500 to $79,000.

The picture is no more promising in Europe. Both Ford and GM with its Opel (continental Europe) and Vauxhall (UK) brands have failed to make much headway in the more exclusive reaches of the market. However technologically advanced and whatever the luxury features of wood and leather an Opel/Vauxhall Senator remains an Opel and a Vauxhall, a Scorpio remains a Ford – the best efforts in Europe of the world's biggest volume car makers, well versed in moving metal, but with little other cachet. GM and Ford are unable to price at the lucrative levels of their Mercedes-Benz and BMW rivals.

Their volume car rivals such as Volkswagen and Fiat have already succeeded in going down the route of multi-marque marketing. The Fiat group has almost a surfeit of marques including Ferrari, Lancia and Alfa Romeo. VW has Audi as its executive/luxury brand. It still has a long way to go before it succeeds in moving the Audi marque convincingly into the highest reaches of the European market, but the attempt is under way.

Ford, in particular, has been desperately aware of the limitations of being a single-marque car maker in Europe – in the US it at least has Lincoln and Mercury. In recent years it has tried to take over Alfa Romeo, only to be out-manoeuvred by a combination of the Italian state and Fiat, which acquired Alfa Romeo from state ownership in late 1986.

It has tried to take over Austin Rover with the prestige of the Rover and MG marques as a big attraction, but was rebuffed by the UK Government. In recent weeks it has looked at Saab but gave up, after assessing the risks and rewards of rescuing the small, ailing Swedish car maker.

The earlier opportunities to buy into exclusive names in Europe have all been snapped up by the Americans. GM has bought Lotus in the UK, while Ford now controls Aston Martin. In Italy Chrysler bought up Lamborghini. The volumes of such producers are tiny, however, and belong in a special category of their own as makers of so-called super cars.

Jaguar is a once-only opportunity to take a short-cut to meet the new Japanese competition head-on

In the US both Ford and GM have made half-hearted attempts to bring something of the mystique of European cars to their American offerings, but have failed miserably. Only last month Ford gave up its four-year attempt to establish a new marque in the US, Merkur, as the brand for its imports from Europe, chiefly the Granada/Scorpio.

For its part GM tried to make headway with a car it christened the Cadillac Allanté, a luxury convertible selling at the unheard-of price for a US car of around $57,000. The car was designed in part by Pininfarina in Italy. Pininfarina makes the body, which is flown by jumbo jet to the US from the Pininfarina plant in northern Italy for the installation of a US powertrain. The Allanté has had a troubled sales history since its introduction in 1987, and has never looked like having the impact GM hoped for.

Alongside such efforts of their own, the chance of acquiring Jaguar has appeared to GM and Ford to offer a unique, never to be repeated opportunity. There are few enough prestige nameplates around, and the others are all in safe hands. Daimler-Benz has Deutsche Bank protecting its back, BMW has the Quandt family, and Porsche the Porsche and Piech families. Only Jaguar was vulnerable to takeover, once the Government's protective golden share was removed or waived.

Jaguar may currently only produce 50,000 cars a year, it may be operating at a loss or barely at break-even, it may have, in part, still antiquated production facilities – in particular the Browns Lane, Coventry final assembly plant – and it may only have introduced one all-new model range in 14 years, but it has a name. It has luxury, prestige and exclusivity and all the mystique that belongs with burr walnut and Connolly leather.

A weak US dollar and a soft US luxury car market may have combined to give Jaguar a troubled financial present, but the company has been transformed in the last 10 years by the management team led by Sir John Egan. It has earned the respect of its competitors, but despite all the progress, it has always lacked the financial resources to exploit fully the magic of its name. It is that financial muscle as well as access to technology, marketing and components purchasing power that has always been the attraction of linking up with a partner, be it Ford, GM or another leading group.

For Ford and GM, deeply aware of their shortcomings in the world luxury car market, Jaguar is a once-only opportunity to take a short-cut to try to meet the new Japanese competition head-on, although GM has been making some heroic efforts to update its Cadillac styling, the fruits of which should appear in the early 1990s.

Toyota and Nissan, Japan's two biggest car makers, have mounted enormous efforts during the 1980s to harness their design and engineering skills to produce their own luxury cars. This autumn, within weeks of each other, both have launched all-new luxury car ranges designed for the first time to allow the Japanese to compete with the likes of BMW, Mercedes-Benz and Jaguar.

Both have opted to establish quite separate franchises in the elusive search for exclusivity, Toyota choosing the name Lexus and Nissan, Infiniti, following the lead taken by Honda a couple of years ago with the launch of its Acura luxury car franchise in the US.

Little has been left to chance in these billion dollar projects which began development more than five years ago. The US is the world's biggest luxury car market; that is where Lexus and Infiniti have been launched and that is where they must succeed. Mr Takashi Oka, Nissan's lead designer for the Infiniti project, spent months living with a US family "to understand better the way Americans think and feel about their cars".

The flagship of the Lexus range began to take shape in the summer of 1985 when the first Toyota design team came to the US and spent three months in the affluent Laguna Beach area of southern California studying the market.

These Japanese cars are now on sale in the US. They may lack the prestige and history of their European rivals but they have been carefully priced between the top of the US domestic ranges and the bottom of the European imports.

Toyota is looking for a median age of 43 and a median income of $100,000 a year for buyers of its LS400 flagship model. It is aiming to sell 16,000 Lexus cars in the last four months of 1989 and 75,000 cars in its first full year on the market. "Down the road we see the potential for 125,000 to 150,000 sales," it says.

Toyota and Nissan have not disclosed their investment in the Lexus and Infiniti projects, but estimates range into several billion dollars. It is this alternative cost that Ford and GM have had to weigh up as they eyed the opportunity of Jaguar, and at least with the UK car maker they know they are buying an established prestige name. Only on such a basis can a takeover price of £1.6bn be justified, along with the further £500m-£1bn that will have to be spent on research and development of new models and on capital expenditure in facilities to fully exploit the name.

"A billion here and a billion there and pretty soon you are into big money," said one GM official before the group decided to pull out of the battle.

A pay-back can hardly be expected for a decade, and the profits will first emerge after the year 2000.

OBSERVER

Healthy food: the sublime

I last ate in the FT staff canteen in 1968. It may have been because of the gravity-defying sausage roll soufflé in brown ale gravy that I have never been back. I am assured things have got better since then, and not only because brown ale has been withdrawn from the menu. But the experience was deeply moving and the aversion to institutional food thereby derived still lingers.

Anton Mosimann is, of course, an institution and deals in food, but the comparisons can be taken no further. The former head chef at the Dorchester Hotel and now the proprietor of Mosimann's (once the Belfry and not the golf course), a private dining club in Belgravia, has just launched his latest production – not on a plate but between hard covers.

Actually, he served up his coffee-table book entitled "The Art of Anton Mosimann" with demonstrations of his technique in what he calls *cuisine naturelle*, the latest version of *cuisine nouvelle*, which, in turn, of course, is the antithesis of *cuisine terroir*, which, for the literally minded, is not a product of the French Revolution. The accompanying four course meal, which left a colleague with a silly smile on his face, came in at just 1,000 calories, or half the count, Mosimann says, of a Big Mac and chips.

Not surprisingly Mosimann has been influenced by the Japanese, mostly, but apparently not exclusively, in the matter of presentation. He is a believer, for example, in "happy meat," which, he claims, comes from beef cattle that walk straight from their peaceful pastures into the slaughterhouse, instead of first being transported by truck or rail for hundreds of miles, which produces tension and tough meat. Since the best Japanese cattle get force fed beer and massaged regularly, it can only be assumed that their state of mind is permanently relaxed. He should know, since he cooked for thousands at the 1970 Expo in Osaka when a *sous chef* in the Swiss pavilion.

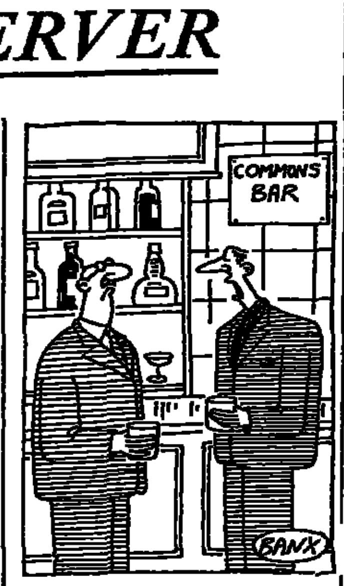
"My team consisted of thirty-five chefs of whom 25 were Japanese. The Japanese chefs were quick to learn, deft and beyond belief in terms of devotion. Even when quite ill they would come in to work – a practice I was quick to stop. I insisted that they would not lose face by staying away when they were ill.

However, Mosimann's skills and undoubted altruism – he works closely with the Family Heart Association – go hand in hand with his conviction that the kitchen is the stepping-stone to other profitable business ventures. In addition to running his private dining club (membership fee £300 per annum), he has just launched a whole range of monogrammed Xmas gifts, including his own hand-made Swiss truffles, pink champagne and blend of tea, not all of which sound quite as healthy as *cuisine naturelle*.

The ridiculous

However, it is not always possible to dine and discourse on Mosimann's plane. At the other end of the scale let us now, with humility and sympathy, consider not only what British Rail serves but how it justifies the prices it charges.

InterCity On Board Services, a name to be conjured with, tells its passengers – who are also having to stomach 21 per cent increases in long-distance season tickets – that the higher prices reflect the improved quality of main meals, snacks and beverages now available.



'I'm thinking of joining the Eurowets'

Mr Peter Northfield, of InterCity, explains the "customer" is often unaware of the improvements: "we now offer a larger size of peanut, for example, and last month we dropped Diet Lilt and started offering Black Bush whisky in our buffet cars."

Quarter pound hamburgers and cheeseburgers are up 10p to reflect "a much better product – more akin to the one you would buy at a high street burger chain." Which, as Mosimann points out, are not made from "happy meat," and if they had been transported on an InterCity would presumably be even less so.

While a 10p increase in the tuna and cucumber sandwich to £1.25 can be forgiven for the more generous quantity of tuna in the filling, InterCity does not try to ascribe a 4p rise in the price of its chocolate chip cookies to more chocolate chips or, à la peanuts, to bigger ones. Catering on trains loses InterCity about £5m a year. It is no longer necessary to ask why.

The gross

Cadbury is currently trying to boost sales of five of its products in a promotion incongruously entitled Monopoly. It should probably be renamed roly-poly.

This is a bit complicated for those not schooled in the core curriculum. The wrapper advertises that up to £5 can be claimed but the small print conditions seem daunting: in order to claim merely £1 it is necessary to provide 28 wrappers bearing the same colour, which in the case of one brand, would mean spending £5.60 and consume 1.4kg of chocolate, the equivalent, and this is the shocker, of 6,680 calories

The maximum return, a fiver, would require an investment (at an average of 20p per bar) of not less than £16.80 and up to £28; which works out at 7 kilos of chocolate at approximately 200 calories per bar, which equals 280,000 calories, or the equivalent of 280 meals chez Mosimann.

The great chef, let it be noted, was left speechless when asked if he liked a well known brand of chocolate bar.

The dangerous

While on the subject of what is, or is not, good for you, Christine Keeler, legendary lady of British political scandal, is due in Dublin today to help launch a book, which she did not write, entitled, reasonably enough, "The Taoiseach's Mistress". The plot, set in 1992 (when else?), involves a wayward Irish Prime Minister, a disused mine in Tipperary and US plans for a nuclear base in Ireland. There's plenty of killing and not a little canoodling. Ms Keeler feels the whole thing is realistic and familiar. Not much about food, though.

Jurek Martin

POLITICS TODAY

A schoolgirl's guide to the Cabinet crisis

By Joe Rogaly

Three issues dominate British politics this week. They are: Europe, Europe and Europe. One member of the Cabinet, more than any other, is in a position to force the debate to a potentially positive conclusion. He is the soft and cuddly Deputy Prime Minister, Sir Geoffrey Howe. He *will not* use his position, unless he first submits himself to a strength-of-purpose transplant.

I have to explain all this, this very morning, to a hall-full of schoolgirls. (We all have our troubles). The girls are 17 or 18: A-level students, next year's voters. They should care passionately, since they will be around after Sir Geoffrey is relegated to the history-books, and middle-aged commentators have long been forgotten.

After a week of waking up at night, sweating, I now know what to say. First, tell the young ladies Denis Healey's immortal joke about how being attacked by Sir Geoffrey is like being savaged by a dead sheep. They should like that. More about the Deputy-Prime Minister later, one will promise. Then, remembering the 1960's parody of the then Mr Macmillan, the trick is to turn a languid wrist to a spinning globe. "For nearly a century," the lecture proper will begin, "Britain was the proud owner of a great Empire." Flick the wrist at Australia, New Zealand, Canada, say "they were all ours," spin the globe, show India, Pakistan, Bangladesh, "ours," spin, flick a finger at Africa, "ours," spin . . . "Of course, to you girls these are mostly far-off countries of which you know little." Perhaps a call for hands up those who have been across the channel for their holidays. France? Spain? Italy?

A bit about how we relinquished the Empire might follow, although the time is too short for much of an excursion into how that process split the Conservative Party, and caused Harold Macmillan no end of trouble. Like Churchill before him, Macmillan was brought up to believe that Britain's special relationship with the United States was of over-riding importance, particularly once the Empire was gone. Plenty of opportunity for wrist-flicking and pointing now. Churchill and Macmillan talked about Britain being at the centre of each of three circles – the Atlantic, the Commonwealth, and Europe – but it was the first circle that came to matter most.

In consequence, Britain missed boat after boat, or should I say, ladies, ferry after ferry, since the direction I am *talking about is across the Channel*. I should have asked for visual aids. A large map of Europe, perhaps, to supplement the globe. After the Second World War the French visionary Jean Monnet failed to win the complete trust of ministers in the Attlee government. The European Coal and Steel Community, carried forward on the basis of Monnet's plans by the French Foreign Minister Robert Schuman, was formed in 1951 – without Britain. OK, I'll spell Monnet and Schuman. Got it? In the mid-1950's the then Conservative British Government stood aloof from negotiations which led to the signing of the Treaty of Rome by France, West Germany, Italy, Belgium, Holland, and Luxembourg. The treaty was signed in March, 1957 – without Britain. We love them in the Eurovision Song Contest today, but we did not see, then, that that was our natural political family.

How do I explain what followed? How tell the girls that the second half of the fifties was wasted in an effort to ring the EC with the European Free Trade Area? They are then supposed to believe that in the end Macmillan of EFTA came to see that our future really lay in the Europe of the Six, and then to grasp that our efforts to gatecrash the party were twice thwarted, in 1963 and again in 1967. Perhaps the word gatecrash will help, but I think I'll race over most of that period, and simply point out that it is now 18 years since Britain belatedly joined the European Community.

Yet, believe it or not, the British Cabinet is still divided. Are Ministers convinced, in their hearts, that Britain is part of Europe – or not? That is what is dividing the Prime Minister, who is evidently not so convinced, from the heavyweights in the rest of her Cabinet, who are. There must be a way of accounting for this, even to a schoolgirl audience. As a nation, I shall say, I think there is growing understanding that our future lies in whole-hearted acceptance of membership of the EC, and participation in plans for its future development. There are less than 38 months to go to January 1, 1993, when the Single European Market will encompass the 12 members of the present, enlarged, EC. In theory, young ladies, you will then be able to choose a job anywhere in continental Western Europe, if you have the qualifications. So why the big row, why the *booting out from the Foreign* Office of Sir Geoffrey and the resignation of the Chancellor, Mr Nigel Lawson? Did any of you see Mrs Thatcher on TV on Sunday?

Perhaps we can get a bit of audience participation, some discussion, going here. Well, I'll say, I think Mrs Thatcher is against the idea of letting our pound be tied to the German mark and the other kinds of money in the EC. She likes even less the idea of one kind of money for all 12 countries – say a Euro-mark. Yesterday her new Chancellor, Mr John Major, put up the idea that you should be able to buy and sell in any currency, anywhere. Which girls think that would mean we'd all be using marks, in pretty short order?

Some smart girl will surely ask, well doesn't the Prime Minister have good reasons? Her reason often seems to be that she wants all of Europe to be Thatcherite before she will accept the 11 joining us, the one. I might get *a giggle there. She believes that the* idea of a single money system, and a European-wide central bank, will mean that Britain will no longer be in control of its own economic destiny. The plans to carry this forward are prepared by two Frenchmen – Mr Jacques Delors and Mr François Mitterrand – just like nearly all the European plans that have gone before. They really want a European federation, as the United States is a federation, to keep Germany from dominating Europe.

I know I'll be asked, shouldn't we want that *too*? The *first answer* is that Mrs Thatcher would rather have Britain the 51st state of America than the 12th state of Europe, while Messrs Howe, Lawson, Major and others would, if forced, choose the other way around. The second answer is that whether we want federalism or not, we can only influence events as a wholehearted participant in the planning, inside the club. That is why Mr *Lawson, who is not a federalist*, wanted to join what is called the exchange rate mechanism. I'll explain that afterwards, to anyone who wants to come and see me at coffee break. For economic and political reasons alike, Mr Lawson said on Tuesday, "it is important that we seek the earliest practicable time to join, rather than the latest for which a tolerable case can be made."

That last bit, girls, was a go at Mrs Thatcher, who showed on TV that she wants to put off joining for ever if possible. Her new Chancellor, Mr Major, learned in his short stay as Foreign Secretary that the US wants us to get in there and participate, but he could go only so far towards saying that in Parliament yesterday.

So we are left with the dead sheep. Sir Geoffrey and Mr Lawson got Mrs Thatcher to promise to move forward at Madrid a few months ago – and look what's happened to *them*. Sir Geoffrey in particular felt deeply humiliated when he was removed as Foreign Secretary in July and more humiliated still when Mrs Thatcher's staff said that his new post, Deputy Prime Minister, means nothing.

Mr Lawson's resignation gives him a new opportunity. Look at what he can do. He can make speeches, like he did last week, that hold Mrs Thatcher to the promise made at Madrid. Does anyone think that will work? OK, he can operate from inside the Government. As Deputy Prime Minister he is on 12 committees of the Cabinet – and that is where the real work is done. He is also chairman of four of them. He also has the final part to play in deciding how much money ministers get to spend. He arranges House of Commons business. Perhaps he can use all this influence to achieve what over the past few years he has come to see as a very important purpose in his life: to ensure that Britain does not once again miss the boat. He will be at normal retirement age by the next election, so he is in a hurry.

Does anyone believe the Prime Minister will bend under any of this? No schoolgirl is that silly. Sir Geoffrey's only hope is a painful interview with Mrs Thatcher, in which he says he's sorry, he has to stand against her for the leadership, so he must resign from the Cabinet now. Those who know him say that he hates the idea of a useless gesture, which he thinks that would be because he knows he'd lose. But would Europe lose? In a leadership election in a few weeks' time there might be sufficient abstentions to indicate to Mrs Thatcher that it was time to go. That would open the field for other contenders such as Mr Michael Heseltine, the one you know as Tarzan – did someone say dishy?

Sir Geoffrey would be taking the biggest gamble of his life. If he had that kind of daring he might have offered his resignation when the Foreign Secretaryship was taken from him in July. If he had done so, he might still be Foreign Secretary: Mrs Thatcher would not have wanted him on the backbenches, free to intervene in every European argument. You girls guess whether he will find the courage now.

That leaves Tarzan, ladies. He says he won't stand against Mrs Thatcher either, although he did have the nerve to resign, over a European issue, a couple of years ago. He has written a book to show how European he is. He is very popular in the Conservative Party and the country. If she blows her top one more time he could be propelled into a race for leader. Otherwise, his best hope is in a bad 1990 for the Tories, at the end of which they turn away from her, and to him. Then Sir Geoffrey would vanish without trace. Questions?

LOMBARD

Tax challenge for Mr Major

by Michael Prowse

IF MR JOHN MAJOR wants to be remembered as a great British Chancellor, he should increase personal taxation as soon as possible, certainly no later than next March. A tightening of fiscal policy in present circumstances may appear the height of perversity: the Government ran a budget surplus of £14bn last year, a figure unprecedented in recent decades. A further tightening of the fiscal screws, with real interest rates at 7 per cent or 8 per cent, would surely push an already weak economy into outright recession, guaranteeing Labour a handsome victory at the next election.

Such reasoning, while superficially plausible, is deeply misleading. Mr Major's task is to *reduce inflation and the trade* deficit as painlessly as possible. In the short term, the only way to make progress on either front is to reduce the growth of nominal expenditure. Spending can be curbed either by raising interest rates and making borrowing more expensive or by raising taxes and directly reducing consumers' purchasing power. You don't need a PhD in economics to see that if more weight is placed on fiscal policy, the strain on interest rates can be reduced.

One advantage of fiscal policy is that the burden of anti-inflation measures can be targeted. Mr Major, for example, could exempt the corporate sector from higher taxation and ensure the burden on individuals is proportionate to their means. Interest rates are a much blunter instrument, inflicting disproportionate pain on certain sectors and individuals. For example, young couples who have borrowed heavily to buy a first home face crippling repayments. But wealthy savers enjoy windfall gains and may actually increase their expenditure.

Fiscal policy is certainly tight, but not as tight as it looks. If privatisation receipts are stripped out, the budget surplus is under £10bn. This would be large in normal circumstances. But Mr Major inherits a quite extraordinarily unbalanced economy. During the 1980s, the abandonment of pay policies and the deregulation of financial markets resulted in one of the longest and most damaging consumer binges in British history.

The Lawson legacy is a collapse in private savings and an explosion of credit. A current account deficit of £20bn, or 4 per cent of gross domestic product, is a direct measure of the extent to which total domestic savings fall short of total investment. The public sector's surplus is evidence of useful not saving on its part, but the implication of the trade figures is that the Government must save much more if it is to compensate for the irresponsibility of individuals in recent years. If Mr Major relies on a spontaneous revival of personal savings, the risk is that the trade gap will be closed by *reduced investment rather* than reduced consumption.

But the case for raising taxes as a proportion of GDP does not rest solely on the economic benefits of a larger budget surplus. There are also strong political and economic arguments for a significant expansion of public services. During the 1980s, the Thatcher Government has offered the British people an American recipe of private affluence and public squalor. It is proving profoundly unpopular and economically inefficient. The UK badly needs to spend more on education, training, health and transport infrastructure. There is also a strong moral case for sizeable increases in state benefits: old age pensioners, one-parent families and the unemployed have been unfairly denied a share in the rising living standards of the past decade. Mr Major should recognise that the public sector cannot discharge its responsibilities properly unless it is *ensured a reasonable share of* the economy's total resources.

Sceptics will argue that higher taxes would undermine incentives and threaten future growth. There is simply no evidence for this. Countries such as West Germany and Japan have ignored supply-side rhetoric and focused instead on creating a stable macro environment for business. The UK should do the same. If Mr Major wants a Tory role model, he should look to Sir Geoffrey Howe – not Mr Lawson.

LETTERS

The EMS: 'where's the beef?'

From Mr S. Warton-Woods.

Sir, Mr Moylan's letter unintentionally exposes some of the basic weaknesses of the anti-European Monetary System argument (October 30).

It cannot be said that fixed exchange rates do not allow markets to operate freely when floating rates represent one of the most significant non-tariff barriers to trade in goods and services and to non-speculative investment flows.

The idea that reliance on *interest rates* alone to control inflation works "with the flow of free markets" is also seriously flawed, when the same interest rates are used as an instrument of exchange rate policy. No government, after all, shows a complete disregard for the value of its currency.

Mr Moylan dwells on the "cost" of currency intervention in the foreign exchange markets, without referring to the fact that reserves gain and lose value like any other asset, whether or not they are used to influence the exchange rate.

It would be unfair to single out "distortions" in exchange rate parities caused by the EMS, when it is also clear that misalignments occur among floating rates, even for long periods. Furthermore, *according to the Office of Economic* Co-operation and Development's calculation of purchasing power parities the D-Mark is overvalued against its EMS partners. Germany's "creeping inflation" (the result of the D-Mark's undervaluation in the EMS, according to Mr Moylan) is expected to fall below 3 per cent next year, while Germany's trade surplus is also likely to have peaked this year.

The "rigidity" of the exchange rate mechanism is a direct function of its success, as inflation has collectively been reduced and interest rate volatility lowered.

Sheldon Warton-Woods,
Lloyds Bank,
71 Lombard Street, EC3

From Mr David Morrison.

Sir, The attitude of several politicians, and the Financial Times, to semi-fixed exchange rates in general and the EMS in particular is unjustifiably biased.

The support for these exchange rate regimes lacks beef. I make the following practical points in defence of flexible exchange rates.

- World trade volume has increased by an average 6 per cent a year between 1983 and 1989; a period of turbulent *exchange rates.*
- Industrial countries' real GNP growth has averaged 3.5 per cent a year over the same period. There has been no recession in the Group of Seven, as a group or in any individual country, during this period.
- Inflation in the G7 has averaged 3.8 per cent a year over 1983-1989; it has been low and stable in recent years, and the dispersion between high and low inflation economies has narrowed markedly.
- Investment as a share of real GNP in the G7 has risen sharply through this period – from about 20 per cent to 23 per cent.

Yet many commentators seem to believe that the flexible exchange rates have harmed the world economy. Where's the beef?

Leaving aside Professor Sir Alan Walters's timely criticism of the exchange rate mechanism, Mrs Thatcher's desire for fair play on cross-border financial flows and services, and vague notions of the UK being a "bad European," it would be at least honourable to write about the costs of entry to the ERM, as well as its supposed benefits.

First, while it may be true *that French inflation is lower* now than it would have been had the French franc stayed out of the ERM, it is well-documented that the French "sacrifice ratio" (the unemployment cost needed to reduce inflation) has been substantially higher than Britain's.

And it is more than arguable that the recent deterioration in this unemployment/inflation comparison for the UK is a direct result of ill-judged attempts to peg sterling to the D-Mark, first at too low and then too high a level.

Second, compare the Danish débâcle with the French "miracle." Real GNP growth in Denmark in 1987 was minus 0.7 per cent, in 1988 minus 0.4 per cent and this year 0.8 per cent. Over the same period inflation has risen to 5 per cent from 4 per cent, unemployment has climbed, and short-term interest rates have been in double-digits almost throughout the period. Ask a Dane if there is beef in an ERM-burger.

Flexible exchange rates are to the world economy what oil is to a Formula I car: you need movement to lubricate the system efficiently.

David Morrison,
Goldman Sachs International,
5 Old Bailey, EC4

Goals for London's stock exchange

From Mr Andrew Hugh Smith.

Sir, You state (leader, November 2) that the International Stock Exchange's recently announced proposals for its primary markets, particularly as they bear on companies not qualifying for listing, will in some unexplained way suppress domestic competition.

While the quotations committee proposes to broaden the franchise of the USM (unlisted securities market), its proposals in no way prevent other organisations raising capital for companies which are not eligible or are unwilling to join the USM.

Indeed, there is a very flourishing development and venture capital market in the UK. Any organisation that has raised capital for such a company is able to make a market in its shares if authorised under the Financial Services Act; failing this it can normally arrange for shareholders to use the trading facility available through any member firm under Rule 535.2.

The cost of stock exchange regulation is not normally cited as a factor in deciding whether or not to join its markets. For a typical USM company, the fee paid to the stock exchange will be a very small percentage of the total expenses of joining the market.

Also, your implication that the stock exchange is proposing a reduction of standards to capture trading volume is entirely mistaken. The stock exchange believes that the secondary market is sustained by the quality of primary market regulation, not the reverse. The proposals are designed to preserve important standards, especially in regard to financial information. As David Waller points out (FT, October 19), there is as yet little consistency in Europe on such requirements. The proposals, when implemented, will facilitate access to markets fully regulated by the stock exchange for a wider range of companies, UK and overseas, than is at present the case.

Andrew Hugh Smith,
Chairman,
The Stock Exchange,
London EC2

Chemical waste disposal in South Wales

From Mr D.F. Wheeler.

Sir, Referring to Peter Marsh's article on the operations of our plant in Pontypool (November 1), I and several other senior Rechem managers spent many hours with Mr Marsh fully explaining the nature of our activities.

It is therefore with some dismay that I find his article appears to give more credibility to the views of a very *limited* number of known and uninformed protestors than to the overwhelming amount of scientific fact to which he was given unrestricted access. His dismissal of the Welsh Office findings because "some residents remain unconvinced" is indicative of the inordinately superficial treatment the article gives to a very serious environmental issue.

How can anyone express concern over increasing global PCB (polychlorinated biphenyl) contamination and at the same time apparently condone the practice of some developed nations which openly admit to landfilling such substances? It does not make sense nor does it, in my view, lend any credibility to the article.

His comments in the final paragraph concerning planning permission for a new incinerator do not represent my views, nor was such an opinion ever expressed to him.

Peter Marsh was given and accepted free access to the plant. Our critics have been offered the same facility but with very few exceptions have rejected it. Is the Financial Times becoming the voice of "protest?" Surely not!

D. F. Wheeler,
Rechem International,
Pontynelin Industrial Estate,
New Road, Panteng,
Pontypool, Gwent,
Wales

FINANCIAL TIMES
Friday November 3 1989

Britain rebuffs Delors report on the EMU

By Simon Holberton, Economics Staff, in London

THE BRITISH Government yesterday called for an evolutionary approach to European economic and monetary union in its long-awaited rebuff to the Delors report.

In a paper published by the British Treasury to coincide with a parliamentary debate on EMU, the Government argued that such a union should be built on the creation of a genuine single market and the fuller development of the European Monetary System (EMS), not by order from Brussels.

It rejected the notion of a European central bank and common currency, and questioned whether monetary union required irrevocably fixed exchange rates – central elements of the three-stage plan for union devised by the 17-strong committee of central bank governors and outside experts chaired by Mr Jacques Delors, president of the European Commission.

In its rebuffing of the Delors report, the Government has ironically been forced to rely on the virtues of the EMS, of which Britain is still not a full member.

The Treasury offered a vision of EMU based on competing monetary policies among the EMS membership. As such, it represented a call for maintaining the EMS as it is today, where the monetary policy of the West German Bundesbank is the benchmark for the rest of the system's participants.

"The evolutionary approach to EMU maintains national monetary policies within the context of a strengthening exchange rate mechanism, and allows currencies to compete to provide the non-inflationary anchor in the EMS," it said.

"By eliminating both competition and accountability from members' monetary policies, the Delors report version of union risks producing a higher inflation rate in Europe - one in which performance approximates more to the average than to the best."

The Government sees the objectives of EMU as: a sustained increase in living standards; more flexible market-oriented economies; price and currency stability; lower costs of financial transactions; and equal access to financial services and instruments.

It said that the forces unleashed by stage one of the Delors report – the creation of a single market in Europe and participation in the EMS by all EC members – would reshape all economies along new European lines.

Treasury plans derided as 'false alternative'

THE British Treasury's plan to let market forces drive EC states' monetary policies closer together was derided yesterday by European Commission officials as a false alternative to the Delors plan for monetary union, writes David Buchan in Brussels.

They said the UK suggestion that the European Monetary System "could evolve into a system of more-or-less fixed exchange rates" did not amount to monetary union. Officials argued that union had to mean at least "irrevocably fixed parities" between Community currencies, as defined in the Delors report.

Of the UK's two extra proposals to promote financial integration, Commission officials say that they intend to propose action to lift remaining restrictions on the EC-wide use of Community currencies and flow of savings.

In addition, they claim that reducing transaction costs by promoting more efficient means of EC-wide payment and settlement misses the point of monetary union.

Mr Douglas Hurd, the UK Foreign Secretary, is to present the Treasury plan next Monday to his fellow EC foreign ministers.

They will also receive from a group chaired by the current French presidency of the EC Council a preparatory report for the crucial monetary debate at next month's summit in Strasbourg.

The report contains a passing reference to the UK desire for discussion of alternative plans, French officials said yesterday. However, it may be that Britain has left too little time for its plan to be properly discussed before, or even at, Strasbourg.

What is clear is that UK Treasury approval of the way in which current "asymmetries" in the EMS put the burden of adjustment on weak, rather than strong, currencies will annoy France and Italy. It was precisely to remedy those asymmetries that Paris and Rome started pushing early last year for radical change in Europe's monetary arrangements.

A 'bridge' for Britain to its EC partners

Holland's outgoing finance minister talks to **Laura Raun** and **David Buchan**

MR Nigel Lawson, Britain's former Chancellor, is not the only European ex-finance minister whose tongue has been freed by resignation. Mr Onno Ruding, who is leaving his post as Dutch Finance Minister after seven years, is another – and what he has to say would be of no small interest to Mr Lawson.

In an interview this week he spelt out his country's interest in playing "a bridging role between the continent and the UK", in particular on European Monetary Union (EMU). "We are willing to pay a certain price to get the British in," he said.

"The price would be to take care of some of their wishes and concerns about the first stage" of progress towards monetary union.

A "no-nonsense" conservative, Calvinistically sober and internationally minded, Mr Ruding will not be a member of the new Christian Democrat-Labour coalition government expected to be sworn in during the next few days. His belief in strict budget discipline was considered too confining for the new centre-left coalition, and his place will be taken by Mr Wim Kok, the Labour Party leader.

Mr Ruud Lubbers, the Dutch Prime Minister who is Mrs Margaret Thatcher's closest ally on the continent, will continue for a third term.

However, Dutch fiscal, economic and monetary policies at home and abroad have been so heavily shaped by Mr Ruding that his imprint will remain.

The Hague cloned its strong-money policy from that of West Germany, but is keener than Bonn in joining the Latin countries in moving beyond EMS towards full monetary union. Mr Ruding, like Mrs Thatcher, sees completion of the single Community market as "much more urgent" than designing EMU.

"Without the single market, you can throw the whole monetary union into the waste basket."

And like Mrs Thatcher, Mr Ruding defines that single market broadly to encompass free flow of capital and provision of financial services, strengthened competition policy, deregulated transport and so on.

But Mr Ruding warns that if the UK seeks to block progress toward EMU "we will of course go with the others" down the monetary union road. A key milestone will come in mid-1990 when France and Italy have promised to lift their remaining exchange and capital controls.

"For me, together with the British, it's crucial first to see whether on July 1 next year the others, the Latins, will sign on the dotted line and perform in the area of liberalising capital movements ... This is an old obligation from the Rome Treaty. They are way overdue.

"If they do (lift controls), then the Latins have a strong case. They can say: 'We have done our homework, now it's up to you, British, to join the EMS ...' But if they do not do what they are supposed (to do), what, then, is the entitlement to speak about ... further steps toward monetary union."

Mr Ruding explains that "procedure and timing" are the price for getting the British into both the current EMS and into the proposed inter-governmental conference (IGC) to negotiate later moves towards monetary union. An IGC could start as early as autumn of 1990 if France gets its way. But a "badly prepared, premature conference could have an adverse effect, not only as far as the British are concerned – because they might opt out," Mr Ruding warns.

Onno Ruding

"But we should be pretty sure of the success of such a conference before it starts."

Mr Ruding firmly rejects calls by French President François Mitterrand and European Commission President Jacques Delors for ratification of a new monetary treaty by the end of 1992. Such a commitment could put too much pressure on Britain, he explains.

For his cross-channel friends Mr Ruding has words of caution. He says it would be "silly to present too many obstacles or preconditions to the glorious moment of the pound sterling marching into Europe".

His message to London: "You would be mistaken if you think that the entry of sterling into the EMS is a great present to the whole of Europe and a great sacrifice to the UK. If that were the case, I would say don't do it. My argument has always been that it is also in the interest of the UK itself."

The more serious warning, however, is that the Dutch won't pay any price to suit the UK. "We are not prepared to be blocked by our British friends ... It would be unacceptable for us to follow the British in saying that monetary union is only possible with Twelve."

Mr Ruding believes that "if the British see they are really isolated, they will be willing to give in." But he admits that if it comes to the crunch the UK might have allies other than the Dutch.

"Don't underestimate the importance of the differences of view in Germany," he notes. "And Denmark ... has a minority government and reservations" about EMU.

THE LEX COLUMN

Jaguar returns to captivity

The end of the Jaguar affair, however abrupt, will leave most of the participants broadly satisfied. Ford has displayed considerable adroitness in getting what it wanted. Jaguar has lost its independence, but at a price which made its only other suitor walk away in disgust. The future of Jaguar's workforce is uncertain, but less so than before. And those who subscribed for the Jaguar flotation back in 1984 will have seen their shares outperform the London market by almost 140 per cent.

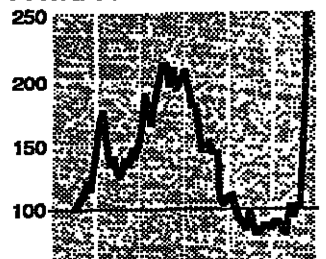
Though the conduct of the Jaguar directors may seem curious, in reality they had little choice. General Motors had evidently responded to Tuesday's waiver of the golden share with a deafening silence. Ford's bid was not only conditional on the board's recommendation, it was also the only one around. The board was therefore under a fiduciary obligation to accept, with the proviso that the recommendation could be switched to a higher GM bid should one emerge.

It is perhaps unsurprising that GM did not oblige. Ford's offer will cost it some £190m a year, taking goodwill amortisation along with interest on the purchase price. That is twice Jaguar's average pre-tax profit in the five years since flotation. This year it will make much less again.

The market is thus left with a *fait accompli*: yesterday's price of 829p represents the two month cost of money with mathematical precision. There is also the vexing suspicion that there are more Jaguars out there, worth double their current price to the right buyer. After Rowntree, the market pushed up other food and branded stocks indiscriminately in a vain attempt to spot the next candidate. This time, there being no other luxury motor stocks to buy, the market will have to resign itself to being surprised all over again.

Jaguar

Share price relative to the FT-A All-Share Index



UK markets

For the moment, the continuing political problems of the UK Government are having a far bigger impact on the foreign exchange market than on the equity market. Indeed, were it not for the obvious weakness in the exchange rate the ex-Chancellor might be rather miffed by the equanimity with which the equity market has shrugged off his departure. The FT-SE 100 is higher than it was before he left, and share prices ignored yesterday's whiff of further political embarrassment.

To some extent, this response is correct. If there were any doubt about the stability of the current Government, it seems a foregone conclusion that by the time the next administration took over sterling would be considerably lower than it is today. This would ease the pressure on corporate profitability; and yesterday's news of a more than one third drop in UK housing starts gives a hint of the sort of political damage which would result from another panic rise in interest rates.

The record drop in the UK reserve figures last month can be interpreted as a sign of this Government's commitment to a firm exchange rate. But the foreign exchange markets are right to be suspicious. Over the last nine months, the UK has spent close to a quarter of its foreign exchange reserves and yet the effective exchange rate has fallen by over 10 per cent. The new Chancellor has yet to show his mettle, but there is a growing presumption that he is going to adopt a rather more pragmatic approach to the exchange rate than his predecessor. If this is not the case, equities will be in for rather a rude shock.

Meggitt/USH

For a company involved in the defence business, USH's attempts to stave off Meggitt have hardly been an advert for its products. Its plans to sell a US subsidiary were blocked by the regulators. Its final defence document revealed £17m of write-offs at its Taunton plant. Small wonder that Meggitt wants to cast a careful eye over the figures before it goes through with the bid: it has the salutary example of Ferranti to consider.

USH shareholders have voted with their feet by accepting an offer their board described as "miserable, ill-judged and misconceived". They have everything to fear if Meggitt pulls out, in the light of USH's dismal profits record. So yesterday's statement from USH appears to present the opportunity for an acceptable compromise – Meggitt could declare the bid unconditional as to acceptances and then USH could reveal the detailed financial information the predator requires. That would still leave Meggitt the opportunity, under the Code, to walk away. But Meggitt seems most likely to press ahead, doubtless in the hope that the worse USH's figures appear now, the better the prospects for profits growth after a period of rationalisation.

William Low

With its bungled bid for Budgen still a recent memory, the Dundee-based food retailer William Low was tempting fate with its brave talk yesterday about going after some of Isosceles/Gateway's stores in Scotland and northern England. Low's annual results were excellent: operating margins up sharply at close to 6 per cent, and pre-tax profits more than 50 per cent higher at nearly £18m. It has shareholders' funds though of just £83m; and since Low's net gearing is already expected to reach 25 per cent at the end of this year, because of store openings, a large deal with Isosceles could send it clear through the 100 per cent mark

If that happened, and Low bit off more than its management could chew, the company could mess up the good work it has done since the mid-1980s. Earnings per share have been growing at more than 20 per cent per annum; and the source of this has been a well-executed strategy of adding new selling space in larger units at a rate of 80-100,000 square feet a year, and pushing southwards into England. In local markets, too, Low appears to be more than holding its own against its much larger rivals such as Safeway.

With a market capitalisation just one-twentieth the size of Tesco's, Low admittedly looks too small a unit, especially in a food retailing industry growing more capital intensive under the twin demands of product research, and point-of-sale technology. It would be sad, though, to see Low overstrain itself and find itself in a shotgun wedding with a larger partner.

Boeing in talks with Japanese over new wide-bodied airliner

By Paul Betts, Aerospace Correspondent, in London

BOEING, the world's largest commercial aircraft manufacturer, is discussing a range of possible relationships with Japanese and other international companies for the $4bn development of a new wide-body passenger airliner.

The Seattle-based company confirmed yesterday that it was holding preliminary negotiations with Kawasaki Heavy Industries, Mitsubishi Heavy Industries and Fuji Heavy Industries over the participation of the three Japanese "heavies" as risk-sharing partners in the development of its new Boeing 767X aircraft.

However, Boeing is also understood to have approached other international companies, including Aeritalia, the Italian state aerospace group. Aeritalia, like the three Japanese companies, is already co-operating as a risk-sharing partner in Boeing's current 767 programme involving medium-body twin-engined jetliners.

Between them, the three Japanese companies and Aeritalia contributed about 30 per cent to the development of the current 767 series of aircraft. Aeritalia's share was about 15 per cent with the three Japanese companies accounting for the other 15 per cent.

Boeing's board of directors met in Philadelphia this week to discuss the new aircraft development project, but the company said no decision on launching the programme was taken. It added the airline was continuing discussions with potential customers. Indeed, Boeing is understood to be seeking to secure as launch customers a major airline in the US, another in Europe and a third airline in Japan.

British Airways is widely regarded as the front runner in Europe, while Japan Airlines is believed to be the most probable candidate in Japan. In the US, United Airlines and American Airlines are both believed to be interested in the new Boeing aircraft.

The project is a crucial component of Boeing's commercial aircraft strategy and is expected to have major implications for the industry as a whole since it will probably be the last major new commercial aircraft programme to be launched this century. Indeed, although Boeing had at one stage considered developing a wide-body derivative of its existing 767 series, it now appears to be leaning towards the development of a new wide-body jetliner.

This implies a major financial risk for the company since the development costs of the new medium to long range aircraft are expected to total some $4bn compared with some $1.5 to $2bn for a derivative. However, Boeing's customers have been pressing the US manufacturer to develop a new aircraft rather than settle for a derivative of the 767 series.

Participation by Japanese companies and other international groups like Aeritalia in the project would clearly ease the overall development risks for the Seattle group at the same time as boost the project's marketing prospects, especially in Japan.

Boeing is now expected to launch its new aircraft early next year to meet its target of first deliveries to customers in 1995. The new aircraft will be competing against the Airbus A-330 wide-body twin-engined aircraft and the McDonnell Douglas MD-11 trijet, which will both come into service before the new 767X.

Bush suffers setback over capital gains tax fight

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush yesterday suffered a serious political setback when Senate Republicans agreed to put off the fight for a cut in the US capital gains tax until next spring. The delay has been forced because of successful blocking tactics by the majority Democratic group.

This move will end the stalemate which has held up legislation to raise the Federal debt ceiling, needed by next Tuesday to avoid a default by the US Government, and which has delayed a wide-ranging package of assistance for Poland and Hungary.

However, arguments remain between the Bush Administration and the Democratic controlled Congress over legislation to reduce the Budget deficit and reverse the across-the-board cuts in spending which were implemented two weeks ago.

President Bush has put a high political priority on securing an early cut in capital gains tax, and, although he won the backing of the House of Representatives, a reduction has been blocked in the Senate in an increasingly bitter battle which has held up other legislation.

Senator George Mitchell, the Democratic Majority leader, successfully held his side together, even those who favour a cut in the tax at some stage.

However, yesterday Senate Republicans conceded defeat on capital gains tax and agreed to put off the fight on this issue until the spring.

This outcome represents an important victory for Senator Mitchell, but it may increase strains between the Senate Republican leadership, headed by Senator Bob Dole, and some of President Bush's White House advisers who have been pressing strongly for a cut. Some Senate Republicans have been impatient with what they see as the intransigence of the White House and last weekend Senator Dole broke ranks in floating the possibility of an increase in the petrol tax.

However, yesterday's decision will not bring an agreement on the fiscal 1990 Budget any nearer. Indeed, the White House has been increasingly signalling this week that it would prefer to keep in place the $16bn across-the-board cuts, known as sequestration, rather than accept a budget passed by the Democratic controlled Congress.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio		–	–	Dubrovnik	C	18	64	Malta	S	22	72	Rhodes	S	21	70
Algiers	S	21	70	Edinburgh	S	13	55	Manchester	C	11	52	Rio de J'o		–	–
Amsterdam	S	14	57	Faro	S	22	72	Manila				Rome	F	30	86
Athens	S	22	72	Florence	C	17	63	Melbourne	F	15	59	Salzburg	F	16	61
Bahrain	S	29	84	Frankfurt	C	13	55	Mexico City	[illegible]	[illegible]	[illegible]	San Francisco	F	9	48
Bangkok	[illegible]	[illegible]	91	Funchal	F	22	72	Miami	S	22	72	Seoul	S	17	63
Barcelona	F	21	70	Geneva	C	17	63	Milan	C	14	57	Singapore	F	29	84
Beirut		–	–	Gibraltar	F	22	72	Montreal	F	0	32	Stockholm			
Belfast	C	10	50	Glasgow	C	11	52	Moscow	C	7	45	Strasbourg	C	14	57
Belgrade		–	–	Guernsey	C	11	52	Munich	F	13	55	Sydney	C	21	70
Berlin	C	10	50	Helsinki	C	5	41	Nairobi	F	25	77	Taipei			
Biarritz	F	21	70	H. Kong	C	23	73	Naples	F	21	70	Tangier	F	21	70
Bombay	S	33	91	Innsbruck	F	14	57	Nassau				Tel Aviv	S	29	84
Bordeaux	C	16	61	Inverness	S	13	55	New Delhi		–	–	Tenerife	F	24	75
Brussels	S	15	59	Islamabad				New York	S	9	48	Tokyo	S	19	66
Budapest	F	18	64	Istanbul	S	18	64	Nice	S	19	66	Toronto	C	5	41
B. Aires	C	19	66	Jakarta				Nicosia				Tunis	S	24	75
Cairo	S	25	77	Jersey	R	12	54	Oporto	R	14	57	Valencia	S	24	75
Cape Town	S	23	73	Jo'burg				Oslo	C	5	41	Venice	C	14	57
Caracas	C	29	84	Lima	C	20	68	Paris	F	15	59	Vienna	F	18	64
Casablanca				Lisbon	S	19	66	Peking	C	14	57	Warsaw	C	8	46
Chicago	C	3	37	London	R	13	55	Prague	S	12	54	Washington	F	8	46
Cologne	F	14	57	Los Angeles	F	14	57	Reykjavik	S	4	39	Zurich	S	16	61
Copenhagen	C	10	50	Luxembourg	C	12	54								
Corfu	F	23	73	Madrid	S	20	68								
Dallas		–	–	Majorca	F	21	70								
Dublin	F	11	52	Malaga	F	24	75								

Readings at mid-day yesterday

C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Paris, Bonn split over pace of EMU

Continued from Page 1

quickly as possible to take sterling into the EMS exchange rate mechanism and those, led by Prime Minister Margaret Thatcher, who wants a much more extended, if not indefinite, timetable.

Senior ministers yesterday, however, were suggesting that Mr Major, Sir Geoffrey Howe, the Deputy Prime Minister, and Mr Douglas Hurd, the Foreign Secretary, aimed to establish a new framework based on a "positive" interpretation of the commitment given at the Madrid summit in June.

Mr Major yesterday restated the conditions for entry laid down at Madrid but in a tone which appeared markedly more enthusiastic than that adopted by Mrs Thatcher.

The ministers acknowledged that the Prime Minister – backed by a handful of senior ministers – had not modified her long-standing hostility to the ERM. Her concern is that British membership will lead it on inexorably to stages two and three of the Delors plan.

Their message, however, was that once the three most senior Government ministers had decided that the "time was right" a decision would be taken by the full Cabinet. Mr Major made it clear that there was no question of an immediate move in that direction.

He was said by other ministers to have "an open mind" on whether a decision was possible before the next election.

Some Conservatives were arguing that the latest truce would hold only as long as Mrs Thatcher was prepared to stick to "the spirit as well as the letter" of the Madrid agreement.

FINANCIAL TIMES
COMPANIES & MARKETS
Friday November 3 1989

INSIDE

USH offers terms for surrender

United Scientific Holdings, the UK defence contractor, said yesterday that it was prepared to recommend the £104m takeover bid from Meggitt to its shareholders — but only if the specialist engineering group declared its offer unconditional as to acceptances. Andrew Bolger reports on the latest moves in the bid battle that has been raging since September. Page 24

Bitter blow to the sweet-toothed

The Pakistani with a sweet tooth has a problem. The cost of satisfying his craving has risen 40 per cent since the summer. Why this should be is a source of debate between the trade and the Government. The trade says there is simply not enough sugar to go around; that, while production totals 1.858m tonnes, there is demand for about 2m tonnes. But Prime Minister Mrs Benazir Bhutto believes an artificial shortage has been created by hoarders seeking to force up prices. Christina Lamb reports. Page 32

Worries below the surface

This week's unexpected news that the West German stock exchange turnover tax was to be repealed early may have given a boost to the morale of those involved in the market. But it is only a fortnight since German share prices were particularly badly hit in the wake of the sharp fall on Wall Street. And bruised private investors, embarrassed stock exchange officials and impatient bankers are still pondering the why and the how of those events writes Andrew Fisher. Page 23

Unlikely success in dark world

In many ways Martin Taylor (left) is an improbable person to be running one of Europe's biggest textile groups. He looks much too young to be the chief executive of a publicly-quoted company with sales of almost £1bn and a workforce of 31,000. And his background — Eton, Oxford and an early career as a journalist — is rather incongruous in the dark, satanic world of textiles. Alice Rawsthorn looks at the man who after three years as a director of International Industrial group Courtaulds is preparing for a new challenge. Page 25

Shut out of the action

This year's bull market on Istanbul's tiny stock exchange has prompted a rapid growth in interest from small traders and businessmen and, even though the bulk of trading is institutional, few investors buy or sell in parcels above 1,000 shares. None the less, small shareholders are being shut out of the bourse's trading floor under a graded-entry system favouring high-volume investors. Jim Bodgener reports on reaction to the move. Page 44

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
Beiersdorf	690	+	40	Essilor	2868	+	128
Falls				Eurafrance	2400	+	70
Kaufhof	533	—	5	Ocean	377	+	10
MAN	340	—	11	Vallourec	485	+	18
Nixdorf	319	—	7	**Falls**			
Schering	701	—	16	Bongrain	3000	—	99
Volkswagen	418.5	—	10.3	Hachette	385	—	14
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
UAL	177¾	+	⅜	Inageya	6600	+	500
Falls				Kyodo Shiryo	1010	+	101
Compaq	99⅝	—	16⅜	Nippon Tsf.	2450	+	270
Comp.Assoc Int	11⅞	—	¾	Ogaki Kyoritsu	1440	+	140
Eastman Kodak	42⅝	—	2	**Falls**			
Jaguar	12⅞	—	1	Taihei Paper	1080	—	80
Ralston Purina	80⅛	—	⅜	Toshiba Eng.	1500	—	90

New York prices at 12.30.

LONDON (Pence)							
Rises				**Falls**			
Fisons	334	+	7	Brit. Aero	533	—	14
GR Hldgs.	155	+	18	Botanic	547	—	12
Glaxo	1439	+	26	Brit. Telecom	250	—	4½
Guinness	608	+	11	Eurotunnel	533	—	17
Low (Wm.)	306	+	10	Jaguar	829	—	50
Saatchi & S.	318	+	12	STC	277	—	8
Sun Life	1185	+	17	Utd.Scientific	124	—	3
Ultramar	327	+	8	Vickers	216	—	8
Warburg (S.G.)	443	+	8				

KLM halves its NWA stake in pact with US

By Laura Raun in Amsterdam

KLM Royal Dutch Airlines will more than halve its 57 per cent equity stake in NWA, parent of Northwest Airlines, to 21 per cent in line with US Government demands.

The $400m stake will be slashed to $150m by September 1990 under an accord with the Department of Transportation, KLM said yesterday. The department had opposed the Dutch flag-carrier's acquisition of too much control over the US airline through an international consortium that bought NWA in September.

The Wings consortium, headed by Mr Al Checchi, the Los Angeles investor, took over NWA in September for $3.65bn, of which $700m was equity. Since then British Airways has dropped its bid for UAL, parent company of United Airlines, another US carrier.

KLM will keep its one seat on the NWA board of directors, although the representative is forbidden from participating in decisions affecting US national security or airline politics. Planned co-operation between KLM and Northwest, such as on Pacific routes, will continue, KLM said.

The Dutch airline added that no decision had yet been made about who — inside or outside Wings — might buy the shares it plans to sell. But KLM denied it would suffer a loss on the sale, as some analysts have suggested.

KLM is still negotiating with the department about its 4.9 per cent voting stake in Wings, a stake which is considered separate from its equity stake in NWA.

Meanwhile, KLM said that heavier finance charges arising in part from the NWA takeover cut into its second-quarter earnings, which fell 10 per cent to Fl 162.3m ($81.1m) from Fl 180.3m a year earlier. Six new aircraft that were delivered in the second quarter also sent financial costs up to Fl 31.5m from Fl 12.7m.

Another factor in the decline was the virtual lack of profits on aircraft sales compared with a Fl 28.3m gain in the year-earlier period. Revenue rose 7 per cent of Fl 1.51bn from Fl 1.41bn. In the first half, net income soared 37 per cent to Fl 392.4m from Fl 285.8m, fuelled by an extraordinary gain on the sale of XP systems. Turnover increased 8 per cent to Fl 2.87bn from Fl 2.65bn.

KLM also said yesterday it had agreed in principle to sell 75 per cent of its current 100 per cent stake in the Golden Tulip International group of hotels for an undisclosed sum.

The stake will be sold to Multi Development and Ravast Beheer, both of the Netherlands.

Losses for US mini computer makers

By Louise Kehoe in San Francisco

PRIME Computer and Data General, the mini computer manufacturers, yesterday reported heavy losses, reflecting important restructuring efforts aimed at adjusting to industrywide trends that have squeezed their traditional markets.

Wang Laboratories, once one of Wall Street's favourite computer shares but now suffering from serious financial problems, is about to announce a large cutback in its operations, including a workforce reduction of about 2,500, roughly 10 per cent of its workforce.

The mini computer manufacturers are under pressure in the face of advancing microcomputer technology that has raised the performance of personal computers and computer workstations.

They also face a challenge from "open system" computing - computers that run industry-standard software rather than the proprietary systems upon which their businesses have been based.

Richard Miller, Wang's new chairman, is scheduled to make an announcement today. The company has already cut its workforce by 5,000 this year and has launched a programme to sell assets valued at $800m, including the closure and sale of its plant in Scotland.

Prime Computer posted a third-quarter net loss of $104.8m, or $1.85 per share, after taking a pre-tax charge of $130m. In the third quarter last year, Prime reported net income of $11.7m, or 24 cents per share. Prime said that without the restructuring charge, its losses for the quarter would have been $12.5m.

Total revenue for the quarter was $357.9m compared with $391.4m for the same quarter in 1988. Revenue and income continued to be affected by customer uncertainty created by the hostile takeover attempt by MAI Basic Four, Prime said.

Data General, which recently announced a realignment of its product line to incorporate "open systems", reported fourth-quarter net losses of $84.1m, or $2.86 per share including a restructuring charge of $80m resulting from a company-wide consolidation.

Revenues for the fourth quarter rose to $357.1m up 4.6 per cent from $341.5m in the same period last year. Quarterly sales were the highest in the company's 21 years, officials said.

For the fiscal year, Data General recorded net losses of $119.7m, compared with last year's losses of $15.5m.

Ashley Ashwood

James Millar (left) and Christopher Blake of William Low: looking to the future after pulling out of the Budgens bid

William Low surprises City with 52% rise

By Maggie Urry in London

WILLIAM LOW, the Scottish-based food retailer which in April bid for Budgens, the south of England grocer, and then pulled out of the deal, surprised the City yesterday with annual results much better than analysts had been expecting.

Pre-tax profits for the year to September 2 rose by 52.9 per cent to £17.7m ($26.5m). The shares rose 10p to 306p.

In the figures was a £2.7m extraordinary write-off relating to the Budgens bid. This included underwriting fees and a provision for the likely loss Low will take when it sells the 1m plus Budgens shares which it bought during the bid.

The directors refused to comment on whether Warburgs, the merchant bank which advised Low on the bid and which the Takeover Panel criticised in a report on the aborted bid, had waived its fee.

The company said it was "taking legal advice on all aspects of this complex and unusual situation and will take whatever action it considers to be in the best interests of shareholders." Shareholders include Sir Ron Brierley's IEP Securities, which has also been considering legal action. Budgens too has said it was considering seeking compensation over the affair, which cost it £492,000.

Mr James Millar, managing director, said the group was now in early discussions with Isosceles, the new owner of Gateway, to buy the 110 stores which form Gateway's Scottish and north of England business. Low has 64 stores at present.

Mr Millar would not say how much Low might pay but said Isosceles was rumoured to be asking £250m or more for the stores. Low's shareholders' funds at the year-end stood at £83m. Mr Millar said that if the deal goes ahead "we will come to market with a package we know will go ahead without a hitch."

Mr Harvie Findlay, finance director, said that behind the profit gain was sales volume growth of 7.9 per cent in like-for-like stores, which helped operating margins increase from 4.5 to 5.8 per cent.

Group sales were 14.8 per cent up at £304.3m. New stores net of closures contributed 2.9 per cent and inflation was 4 per cent.

Mr Findlay said that new stores took three to five years to reach their full potential and that 40 per cent of the group's sales area was under three years old following the acceleration of the group's development programme since 1986. This meant there was still potential for more improvement.

Mr Christopher Blake, chairman, said that although Low was a regional chain, this did not mean, as some people suggested, it could not compete with the national food retailers. "In our region we meet the so-called majors head on and we do so successfully," he said.

The group is continuing to spend on new stores and a new distribution depot. Capital expenditure last year was £19m and this is expected to near £30m this year. The balance sheet had net debt of £7.9m at the year end.

A final dividend of 4.4p, up 14.8 per cent, is proposed to give a total of 6.5p, also a 14.8 per cent rise. Fully diluted earnings per share rose 24.4 per cent to 22.3p.

Alain Harper

Alain Gomez: dismisses fears about finance arm's loss

Juggling act puts Gomez on the spot

William Dawkins looks at the background to Thomson CSF's deal with Crédit Lyonnais

MR Alain Gomez, the ex-paratrooper who has masterminded the revival of Thomson, the formerly ailing French state-controlled defence and electronics company, has had a spot of explaining to do this week.

He has just arranged a deal received as a triumph by his supporters and a shame by one very large jilted suitor.

The partners in the more than FFr5bn ($806m) share swap were the precociously successful finance division of Thomson CSF, the quoted 60 per cent-owned subsidiary of the state-owned Thomson group and Crédit Lyonnais, France's second largest government-owned bank.

It is the first such link between a large French industrial company and a bank, one presented by Thomson CSF as a way of giving it the same financial security that its Japanese and West German competitors enjoy through their traditionally close ties with bank shareholders.

It has provided a spicy insight into the high politics behind the management of France's state-owned sector. In addition, it is a telling illustration of the financial straightjacket buckled on to French state-owned companies — especially banks — by the refusal of Mr François Mitterrand, the President, to countenance any change in the balance of state and private ownership across the public sector.

The disappointed suitor in the transaction is Banque Nationale de Paris (BNP), the largest state-owned bank, which did not realise it had been cut out of this extremely attractive union until its directors read of Thomson CSF's plans in the French press. It felt it could outbid Crédit Lyonnais for Thomson CSF Finance, whose team of 140 professionals happen to constitute France's most successful treasury bank, as well as a source of capital at a time when French state-owned banks are scrambling to meet new international adequacy requirements.

But by then, to BNP's fury, it was too late. Thomson CSF and Crédit Lyonnais had already completed the deal. Worse, its attempt to get in on the act was immediately stamped on by Mr Pierre Bérégovoy, the French Finance Minister, a sharp reminder of the limits on French state-owned businesses' freedom to compete against each other.

Under the deal, the fruit of nine months' secret negotiation between Mr Gomez and Mr Jean-Yves Haberer, chairman of Crédit Lyonnais, the bank will take an initial 50.1 per cent of Thomson CSF Finance, which it plans to build up to 80 per cent over three years. In return for this initial stake, which Crédit Lyonnais will put into his books as FFr5.2bn worth of new capital, the bank will issue new shares to Thomson CSF, worth 14 per cent of the bank's enlarged capital. The bank will pay for the rest in negotiable securities, which Thomson CSF will sell in order to strengthen its own financial resources.

Nobody doubts that Thomson CSF needs all the big bank backing and the capital it can get.

One reason it needs money is to fulfil its ambitions of building a pan-European network of defence electronics companies. Earlier this year, it spent an estimated $320m on buying most of the defence interests of Philips, the Dutch electronics group.

Now, the parent company is considering with British Aerospace bidding for Ferranti, the troubled UK defence electronics group. The need for a solid source of financing was illustrated at the beginning of this year when Thomson wanted to get involved in the takeover of Plessey, another UK electronics group, but was outmanoeuvred by faster-moving players with greater financial resources, such as General Electric of the US and Siemens of West Germany.

At the same time, the parent group has other ambitious and costly plans, including ploughing FFr1bn a year into developing its first high-definition televisions. SGS-Thomson, its 50-50 joint venture in semiconductors, will also need funds if it is to develop the next generation of microchips and improve its competitive position with regard to large Japanese and US firms.

Initially, Thomson CSF's shares reacted badly to the deal with Crédit Lyonnais, falling FFr15.5 the day after the announcement, from FFr194.50 to FFr179. They have since recovered slightly to close at FFr185.6 on Tuesday, before France closed for a public holiday.

There are several reasons for investors' unease, and why Mr Gomez faces the task of explaining the sense of it. One is the suspicion that the company might have got a better deal with BNP. Another is the fear that the removal from its fold of its most profitable subsidiary will weaken the company financially at a time when there are heavy demands on its capital and, as the transaction itself demonstrates, government controls constrain its ability to raise money externally.

Thomson CSF Finance is an especially coveted prize because of its extraordinary — some parts of the Government say embarrassing — success. It began as a humble treasury management department, much expanded when the electronics group bought Batif, a small commercial bank, for FFr220m in 1984. It has proved one of the best investments Thomson CSF has ever made.

Last year, the finance arm turned in net profits of FFr1.8bn, 62 per cent of Thomson CSF's entire consolidated net income of FFr2.9bn. A senior Thomson CSF director admits with an ironic shrug that the state was uneasy that its flagship electronics company should make two-thirds of its profits from this area and that the Government shareholder would rather the group stuck to its own business.

The deal should have very little immediate impact on Thomson CSF's own profits, because it will consolidate 14 per cent of Crédit Lyonnais's earnings to replace the half of the finance division's profits that will go to the bank after January 1990, when the new arrangement takes effect.

Mr Gomez himself defends the deal, however, dismissing fears about the loss of the finance subsidiary's volatile earnings by saying: "In any case, we don't need the cash. We already have FFr6.5bn of short-term cash. What we do need is a steady flow of consolidated results."

Kodak earnings drop sharply

By Roderick Oram in New York

EASTMAN KODAK has reported sharply lower third-quarter earnings, reflecting a plunge into losses by its information systems business and flat performances from its other segments.

It also warned that it expects to report "substantial restructuring costs" in the fourth quarter if plans which are under discussion are finalised.

It had already taken $350m of such charges in the second quarter.

Kodak had announced in August it was seeking to cut its workforce by 4,500 and sell or consolidate some 20 ailing businesses. The plans amount to its fourth restructuring in six years as it tries to contain costs and better focus its businesses.

Net profits for the third quarter fell to $329m, or $1.02 a share, from $435m, or $1.35. The latest result was weaker than Wall Street expected and the stock fell $2 to $42⅝. Sales crept ahead to $5.11bn from $5.03bn.

Operating profits fell 15 per cent to $776m from $914m. Information systems swung to a loss of $9m from a profit of $97m and its imaging segment, including its core photographic business, slipped to $434m from $465m.

Health care and chemicals were flat at $163m and 188m respectively.

The company attributed the downturn to higher operating costs and the adverse effects of foreign exchange rates. "The productivity issue and rates of return on the business are being addressed aggressively," said Mr Colby Chandler, chairman.

But it gave no detailed reasons for the poor performances of each of its four major business segments.

Worldwide imaging sales grew by 2 per cent in the quarter to $2bn, of which US sales were flat at $954m. Worldwide information segment sales were flat at $1.12bn of which the US contribution slipped 3 per cent to $750m. Healthcare sales edged up to $1.06bn from $1.05bn and chemical sales increased 6 per cent to $1.05bn.

For the first nine months of the year net profits fell to $589m, or $1.82, including the second quarter pre-tax restructuring charge of $350m, from $1.09bn, or $3.35. Sales edged ahead to $13.5bn from $12.5bn.

INTERNATIONAL COMPANIES AND FINANCE

Market wary as Steinberg seeks stake in UAL

By Roderick Oram in New York

MR SAUL STEINBERG, the New York investor, is to take a stake in UAL, raising interest on Wall Street in the role he might play in the parent company of United Airlines.

UAL's stock rose briefly yesterday morning but fell back to stand unchanged at $177 by early afternoon as takeover speculators considered the financial and other hurdles facing any fresh efforts to buy the company. Mr Steinberg had no comment on his plans.

Once a noted raider, Mr Steinberg has taken a lower profile in recent years. He is a friend of Mr Stephen Wolf, UAL's chairman who failed last month to arrange a $300 a share, $6.8bn buy-out with the help of the airline's pilots and British Airways.

Reliance Group Holdings, Mr Steinberg's main investment vehicle, said it was seeking regulatory approval to buy more than 15 per cent of UAL.

Speculation of a Steinberg role surfaced in January following news that Reliance had taken a small stake in UAL. In its latest regulatory filing, Reliance said it had cut its stake from around 7 per cent to 4.7 per cent during September.

It sold the shares at prices between $281.95 and $292.91, the peak before Mr Wolf's group announced its inability to finance a buy-out. The news halved UAL's share price, triggering a mini-crash of the stock market.

It is widely believed that Reliance has subsequently reduced its stake to nearly zero, creating uncertainty in the market about Mr Steinberg's true intentions.

Mr Steinberg's interest in UAL drew a cool response from the company's unions in January, indicating he would find it hard to win their support for another buy-out attempt. Mr Wolf assured the UAL board last week that he would concentrate once again on running the company.

American International ahead despite hurricane

By James Buchan in New York

AMERICAN International Group, the US insurance company, yesterday reported a 19 per cent rise in after-tax profits for the third quarter and predicted that depressed prices for commercial insurance in the US would strengthen.

The New York-based company, which has long been the most profitable large insurer because of its specialised business and widespread overseas offices, said yesterday its earnings for the third quarter were $323.8m or $1.96 a share, compared with $273.5m or $1.66 in the 1988 third quarter. Revenues rose 9 per cent to $3.5bn.

The strong result, which was better than Wall Street had expected, came in spite of $45m in net losses from Hurricane Hugo, which swept through the Carolinas in late September.

The reserves against Hugo caused American International to suffer a small underwriting loss in its general insurance business, with a ratio of claims and expenses to premiums of 100.72. But investment income from general insurance rose 16 per cent in the quarter to $242.0m which easily covered the loss.

The quarter's result brought net income for the first nine months to $1.0bn or $6.18, up 16 per cent on the first nine months of 1988, on a 10 per cent rise in revenues to $10.4bn.

Mr M.R. Greenberg, American International's chairman, said commercial insurance rates had been strengthening even before Hugo and the San Francisco earthquake last month caused big losses to the industry.

He said: "The latest catastrophes have simply hastened the timetable for and, to some extent, the amount of required increases in virtually all commercial classes of insurance. In addition, inflationary pressures on loss costs in a number of classes have mandated the need for increased rates."

Mr Greenberg said it was too early to estimate the company's losses from the earthquake, which will be charged to fourth-quarter earnings. He said he did not expect a "significant" effect on net income.

Compaq warns of income fall

By Louise Kehoe in San Francisco

COMPAQ COMPUTER'S stock price plummeted more than 15 per cent to $89¼ from $106 in heavy early trading on the New York Stock Exchange yesterday when the personal computer manufacturer said it expected fourth-quarter earnings to be below those of last year's, and below analysts' projections of $2 to $3.06 per share.

Fourth-quarter net earnings last year were $91.9m, or $2.18 a share, on sales of $667.7m.

Mr Rod Canion, Compaq president and chief executive, said: "October sales came in about 10 per cent below our expectations, leading us to believe that the results of our fourth quarter would not meet analysts' expectations. Sales for the full fourth quarter, however, are still expected to grow 15 to 20 per cent over the previous year."

"We believe our overall performance will be consistent with the company's long-range objective of 8 to 10 per cent profit after tax."

Mr Canion attributed the lower sales to a "slowing growth rate of the US market, limited availability of new products in the quarter, and continued uncertainty surrounding the availability of fully-functional 486 chips."

Last week Compaq revealed it had discovered flaws in the new Intel 486 microprocessor chip it plans to use in a new high-performance personal computer which is expected to be introduced next week. The announcement raised concerns about delayed shipment of the new computers.

Mr Canion continued to be optimistic about prospects next year, based upon the strength of new products introduced during the current quarter as well as a significant number of products that the company planned to launch in 1990.

Akzo raises third-quarter earnings 8%

By Laura Raun in Amsterdam

AKZO, the biggest Dutch chemicals company, reported 8 per cent higher earnings in the third quarter following improvements in all sectors, except for basic chemicals.

Net income rose to Fl 223.7m ($107.8m) in the July-September period from Fl 206.3m a year earlier on wider margins although per-share earnings were flat at Fl 5.17, compared with Fl 5.13 last year.

Mr Syb Bergsma, chief financial officer, said the increase was the result of higher volume, firmer prices, better product mix and acquisitions.

In the third quarter Akzo's operating income climbed 16 per cent to Fl 410m after increases in all product sectors except chemicals, which plunged 19 per cent because of weaker selling prices for several basic chemicals, notably vinyl chloride.

Sales increased 11 per cent to Fl 4.58bn from Fl 4.13bn, buoyed by the acquisition of Reliance, a US coatings concern, and Filtrol, a US cracking catalyst company.

Over the first nine months net income climbed 12 per cent to Fl 721.7m from Fl 642.6m. Per-share earnings edged up 4 per cent to Fl 16.67 from Fl 15.97. Revenue rose 13 per cent to Fl 13.87bn from Fl 12.29bn, fueled by foreign exchange movements.

Canada rethinks C$2bn pulp and paper projects

By Robert Gibbens in Montreal

TWO BIG pulp and paper projects, together worth more than C$2bn (US$1.7bn), are being re-assessed by the Canadian Government because of potential environmental risks.

Bringing the plants up to standard could increase their costs significantly.

Federal and Alberta environment experts are objecting to a planned C$1.3bn bleached kraft pulp mill on the Athabasca river in northern Alberta because they are concerned that toxins in the effluent from the plant might create problems with drinking water for towns further downstream.

The project is in the advanced design stage and is controlled by Japan's Mitsubishi and Honshu Paper through Alberta Pacific Forest Industries. Mitsubishi has undertaken to ensure the mill meets all current Federal and provincial standards.

At the same time, Repap Enterprises, the Canadian paper group, has delayed a C$300m modernisation of its pulp mill in northern Manitoba until next spring, awaiting a provincial report on its effluent treatment systems.

This could delay its plans to invest a further C$1bn in a second pulp mill and a paper machine. Repap has cutting rights on about 20 per cent of the area of Manitoba.

New Federal environmental standards for pulp and paper mills have been set for 1991, and the industry is spending hundreds of millions on effluent treatment to conform with them. However, the rules may be tightened further after 1991 as equipment to measure toxic substances increases in efficiency.

Mr Lucien Bouchard, Federal Environment Minister, said in Ottawa the Alberta-Pacific mill was not acceptable without design changes. His officials had earlier told a public hearing in Alberta that the project was "unacceptable" in its present form.

Mr Bouchard said the Alberta Government had twice rejected the company's environmental impact studies and design changes were needed.

Alberta Energy Company, controlled by the Alberta Government, plans another big mill in the same area and faces the same problems.

The environmental issue has reached the political level because of heavy expansion planned to exploit northern Alberta's softwood and hardwood forests.

Most of the products will go to Asia where paper usage is booming.

However, world pulp prices have peaked and some analysts believe they will fall late next year as new world capacity comes in.

CAE instals new regime at troubled Link subsidiary

By Robert Gibbens

CAE INDUSTRIES, the world's largest commercial aircraft simulator maker, is putting in new management at its US Link military simulator subsidiary acquired last year for around US$600m.

The Canadian group said a review had shown that Link was performing poorly.

CAE has made special provisions totalling C$95m (US$80.9m) in its first half ended September 30 to cover programme-cost overruns and asset revaluation at Link.

The group's profit for the first half was C$10.2m or 13 cents a share, down from C$14.3m or 19 cents a year earlier on revenues of C$526m, against C$237m. The revenue increase was mainly due to inclusion of Link.

● Brascan, the holding company of the Toronto Bronfman family, felt the impact of lower resource earnings in the third quarter.

Third-quarter net profit was C$70.9m, or 73 cents, up 3 per cent from a year earlier, on revenues of C$2.5bn, up 5 per cent.

Nine-month net earnings rose by 11 per cent to C$216m, or C$2.24 a share, on revenues of C$7.1bn, up 8 per cent.

The company expects record earnings for the whole of 1989.

● Power Financial, the financial services arm of Montreal financier Paul Desmarais's Power Corp of Canada, reports a 23 per cent gain in net profit for the third quarter to C$49.3m (US$42m), or 54 cents a share.

At the nine-month stage earnings went ahead to C$149.8m or C$1.66 a share. This compared with C$119.9m or C$1.32 a share in the same period last year.

Demand for ships boosts Japanese industry

By Robert Thomson in Tokyo

JAPANESE heavy industrial companies have reported improved first-half results, partly reflecting the turnround in the shipbuilding industry, which has been under the control of a government-managed recovery plan but has been revived by strong demand for new ships.

Mitsubishi Heavy Industries (MHI) reported pre-tax profit of Y63.25bn ($444m), up 79 per cent, on a 29 per cent rise in sales to Y1,011bn for the half-year after strong sales of power systems, machinery, aircraft and special vehicles. Sales of ships and other steel structures, which now account for only 13 per cent of revenue, rose 31 per cent.

Ishikawajima-Harima Heavy Industries (IHI), the second largest shipbuilder, reported a 35.8 per cent increase in net profit to Y6.78bn on a marginal increase in sales, which rose from Y278.1bn to Y283.8 for the six-month period. The company has shifted its emphasis away from ships to land machinery and plant, but expects that sales for the year will fall by 2.5 per cent because no orders have been received for power plant construction.

Despite the sales fall, IHI's profit for the year to end-March is expected to increase 8.3 per cent to Y14bn. Sales are strongest this year in conveyor systems, compressors and ship repairs.

Kawasaki Heavy Industries (KHI), the core company of the Kawasaki group, announced a 64 per cent increase in pre-tax profit to Y6bn on sales of Y342.2bn, up from Y310.8bn for the same period last year. The company, which reported a loss in 1987, expects a profit for the full year of Y16bn, up from Y13.7bn.

Hitachi Zosen, which is also diversifying its interests to reduce reliance on shipbuilding, reported a 36.4 per cent fall in its pre-tax loss to Y6.72bn, although total sales for the period slipped by 10.4 per cent to Y83.6bn. Shipbuilding sales increased by 16.3 per cent, but land machinery sales fell by 14.1 per cent.

The company expects to report a profit for the full year to end-March for the first time in four years and predicts that total sales will be about Y270bn, an 18.8 per cent increase on the previous year.

Mitsui Engineering and Shipbuilding reported first-half pre-tax profits of Y2.89bn, or Y2.25 per share. Last year's first half figure was Y13.30bn, but this included a Y24.5bn gain from securities sales, without which there was a loss equal to Y8.83 a share. Sales rose by 25.3 per cent to Y78.01bn, from Y62.24bn a year earlier.

Tokyo court approves Sanko bail-out plan

By Robert Thomson in Tokyo

THE PAINFUL passage through bankruptcy of Sanko Steamship, once the world's largest tanker operator, has virtually ended, with a Japanese court approving a rehabilitation plan that absolves the company of 93.4 per cent of its debts and formally allows a reorganised Sanko to trade.

Sanko, the largest company to collapse in post-war Japan, owed Y695.8bn ($4.8bn), but will repay Y45.6bn to its creditors over 18 years under the plan, which the Tokyo District Court approved earlier this week, and which has been crafted with the approval of the line's three main bankers, Daiwa Bank, Tokai Bank, and the Long-Term Credit Bank of Japan.

The collapse of the maverick company, which had embarked on an ambitious shipbuilding and rate-cutting campaign shortly before a slump in the industry, followed the banks' decision to halt the flow of funds that were keeping the ailing Sanko afloat, and resulted in an application for court protection in August 1985.

Yesterday, the three banks, which have already written off their losses on the company, said that the revived Sanko should be a success, while Sanko executives expect that the company will return to profit this year because of improved conditions in the shipping industry.

A Daiwa official said the banks had a "long way to travel" to get the court decision, and while "everybody had a huge loss," that had been "taken care of long ago."

The banks have had to write off an estimated Y233bn in loans and guarantees, and their executives and directors took a 25 per cent salary cut for six months as punishment for the misguided support for Sanko.

MIM revives stalled issue of Highlands Gold mine

By Chris Sherwell in Sydney

MIM, the Brisbane-based international resources group, yesterday revived its stalled flotation of Highlands Gold, its Papua New Guinea mining company which is anchored to the rich Porgera gold mine.

The flotation involves concurrent share offerings to MIM shareholders and residents of Papua New Guinea, plus the issue of further shares to MIM so that it finishes with 65 per cent of the newly listed company.

With a total of 565m shares outstanding, Highlands Gold will have a market capitalisation of Kina 282.5m, or A$423m (US$352.5m), on the basis of an issue price of Kina 0.50 per share. The float itself will entail the issue of 198m shares, raising Kina 99m (A$198m).

Highlands Gold's major interest is a 30 per cent stake in the Porgera gold project in the central highlands. Widely recognised as one of the world's richest deposits, it is expected to yield 800,000 ounces of gold per year in its first six years of production after late 1990.

The mine's operator is Placer Pacific, which also has a 30 per cent stake. Renison Goldfields, part of the Hanson group's Consolidated Goldfields, has another 30 per cent, while the Papua New Guinea Government owns the remaining 10 per cent.

MIM says Highlands Gold, which will be listed in Australia, also has interests in a chromite-nickel-cobalt deposit at Ramu, a copper-gold deposit at Frieda River and several prospective gold exploration properties. In addition it operates local analytical laboratories.

Under the terms of the offering announced yesterday by Sir Bruce Watson, chairman, MIM shareholders and holders of MIM conversion bonds will be entitled to one Highlands Gold share for every eight MIM shares they directly own or would hold after conversion.

This will entail the issue of almost 170m shares. Another 28m will go to Papua New Guinea citizens and residents. The funds raised will be used to fund part of the company's share of Porgera's development costs and repay debt to other MIM companies, as well as fund further exploration.

MIM first announced the float of Highlands Gold in October 1986, but it was shelved when it ran into complications with the Port Moresby Government. After receiving the go-ahead in October 1987, it then had to be postponed in the wake of the worldwide share market crash.

Strike hurting Australian Air

By Chris Sherwell in Sydney

AUSTRALIAN AIRLINES, the state-owned domestic carrier, warned yesterday it was sustaining "substantial" losses because of the continuing domestic pilots' dispute and these would have a "major impact" on its results for the current year.

He was commenting on the airline's profits for the year to June, which showed a strong 80 per cent increase in after-tax operating profit to A$66.1m (US$51.2m) on revenues of A$1.4bn, up 23 per cent. Extraordinary profits of A$4.25m took the bottom-line figure to A$70.4m, up 50 per cent.

Mr Ted Harris, chairman, insisted that the airline would emerge from the dispute in a healthy position. But he drew attention to a decline in passenger demand already under way before the dispute began in August.

The airline, he said, carried 600,000 fewer passengers in the second half compared with the first half, resulting in second-half profits after tax of A$24.6m compared with first-half profits of A$45.7m.

The trend reflected a downturn in the number of inbound and domestic leisure travellers following the Bicentennial celebrations and Expo '88. "It was a clear indication of the problems facing the Australian tourist industry, both from a gloomy view of immediate domestic and international perspective," Mr Harris said.

News of Australia's weakened performance follows an announcement by TNT earlier this week that it suffered a 70 per cent plunge in after-tax profits in the three months to September as a result of the pilots' dispute. TNT jointly owns Ansett Airlines, Australian's principal competitor on domestic routes, with Mr Rupert Murdoch's News group.

Nippon Oil profits dip

By Our Financial Staff

NIPPON OIL, Japan's largest distributor of petroleum products, has reported unconsolidated pre-tax profits in the first half which ended September 30 of Y9bn ($63.2m), from Y14.43bn a year earlier, a slide of 37.6 per cent.

Sales, on the other hand, rose 7.2 per cent to Y843.72bn, from Y787.32bn yen.

Net income fell by 29.7 per cent to Y4.74bn, or Y3.92 per share, from Y6.74bn, or Y5.64 a share.

Nippon Oil said the plunges in the pre-tax and net earnings category reflected higher petroleum product costs stirred by shifting crude oil prices which outstripped returns from domestic sales prices.

In the full fiscal year ending March 31 next year Nippon Oil predicts that overall sales will total Y1,840bn, up from Y1,667bn in the prior full fiscal year. Pre-tax profit is seen at Y30.0bn, up from Y28.53bn. Net income is pegged at Y15.0bn, down from Y17.38bn.

● Mitsubishi Motors, Japan's fourth-largest car maker, has reported a 54.3 per cent surge in net earnings in the first half, ending September 30, to Y9.32bn yen, or Y12.05 a share, from Y6.04bn, or Y8.59 a share, on record sales up by 3.9 per cent to Y942.93bn, from Y909.49bn in the same period last year.

Nesmal sees 10% growth

By Lim Siong Hoon in Kuala Lumpur

NESMAL, Nestlé's Malaysian subsidiary due for flotation on the Kuala Lumpur market in two months, is expecting a 10 per cent rise in pre-tax profit to 87m ringgit (US$33m) for the year to December.

Sales are expected to top 800m ringgit, compared with 771m ringgit last year.

Nesmal is issuing 21m shares out of its 235m paid-up shares, at 5.20 ringgit each, the company said.

With projected gross earnings of 37 sen (Malaysian cents) a share, Nesmal's price-earnings multiple will be 14 times. This is above the Government's securities issue guideline of a PE multiple range of 5 to 11 used to determine listing prices for manufacturers.

"It shows that the Government is bending backwards to accommodate the company," said a senior stockbroker. Nesmal reported net assets of 318m ringgit after accounting for goodwill of nearly 36m ringgit. Net tangible assets came to 1.24 ringgit a share.

Nesmal's projected net dividend for the year will amount to 50m ringgit. But final gross yield will be below 1 per cent under the restructured equity. Next year's dividend payout is expected to be 10 per cent higher, at 55m ringgit on a pre-tax profit of 107m ringgit.

Afcol increases sales by 20%

By Jim Jones in Johannesburg

ASSOCIATED FURNITURE (Afcol), the South African furniture manufacturer, has taken a gloomy view of immediate prospects as consumer demand for durables becomes increasingly affected by the Government's austerity measures.

Sales in the six months to September 30 were 20 per cent higher than in the corresponding period of 1988, when factory operations were disrupted by strikes.

The interim turnover was lifted to R356m ($137m) from R298m in the year-ago period. The operating trading profit before dividend income and tax and interest payments rose to R30.9m from R24.8m and the first half's pre-tax profit was R26.9m against R24.3m. For the last financial year as a whole turnover was R580m, the operating profit was R48.2m and the pre-tax profit was R43.5m.

Interim earnings increased to 105.4 cents a share from 90.1 cents.

INTERNATIONAL COMPANIES AND FINANCE

NEWS IN BRIEF

Spain's National Securities Market Commission (CNMV) has recommended that the Spanish branch of the US brokerage house Drexel Burnham Lambert be fined Pta65m ($550,000) for alleged irregularities in the partial privatisation of Repsol, the state oil group, in last May, Reuter reports.

The Commission said it had agreed at a meeting on Tuesday to propose the sanction – five times the gross profits obtained from Drexel's intervention in the sale – to the Ministry of Economy.

The Commission said it was forwarding the case to the courts and added the proposed fine did not preclude possible legal action. The Commission had opened its investigation into Drexel after an investor complained shares had been bought and sold in his name without his knowledge.

■ Banco Santander, the big Spanish banking group, yesterday reported a 27.1 per cent increase in net profits for the first nine months of 1989 to Pta46.7bn ($393m) from Pta36.8bn a year earlier.

The bank's average total assets over the nine-month period were Pta3,889.7bn, against Pta3,067.6bn a year earlier. Mr Emilio Botin, chairman said the diversification of the group's business base, both in Spain and abroad, contributed to the strong profits performance. He said: "Our recent collaborations with the Royal Bank of Scotland, Nomura Securities and Kemper Financial Companies should continue to provide us future opportunities for expansion".

■ Klöckner & Co, the West German trading company, said first-half group sales edged up 1.2 per cent in the first six months of 1989 as the elimination of oil trading offset strong gains in other fields, AP-DJ reports.

Klöckner, which last year was rescued from bankruptcy by Deutsche Bank after disclosing DM709m ($385m) in potential oil-trading losses, said turnover rose to DM5.7bn from DM5.6bn a year earlier. Deutsche Bank will sell the company to Viag and Bayernwerk at the end of the year.

Adjusted for the loss of oil trading operations and the transfer of heating technology activities to a joint venture with Swiss-based Elco-Looser, sales climbed 18 per cent.

Eagle Trust may curb shareholders' votes

By Philip Coggan

MR DAVID JAMES, the new chairman of Eagle Trust, the troubled UK mini-conglomerate, may attempt to disenfranchise up to 30 per cent of the group's shares before the annual general meeting, now due on December 13.

Eagle is the subject of an investigation by the Serious Fraud Office following the discovery of sums – at least £13.7m ($21.6m) but probably substantially more – which could not be traced by the auditors.

Mr Malcolm Stockdale, Eagle's former chairman, sent out many notices – under Section 212 of the 1985 Companies Act – in an attempt to discover the beneficial owner of substantial share holdings in nominee accounts. "A considerable number of holders did not respond," says Mr James, and the company intends to disenfranchise such shares, representing over 10 per cent of the equity. Eagle is also investigating further holdings – about 20 per cent of the equity – and may yet attempt to disenfranchise those shares.

Mr John Ferriday, another former chairman of Eagle, has described in a newspaper interview how Eagle loans were used to finance the purchase of its own shares in late 1987. A warrant has been issued for the arrest of Mr Ferriday in connection with the affairs of a former Eagle subsidiary.

Dealings in the company's shares were suspended last May and since then shareholders have seen the arrival and departure of Mr Stockdale and the appointment of Mr James.

Results for 1988 have not yet been produced, but Mr James hopes they may be ready for the group's annual meeting.

Mr James said a circular would be sent to shareholders on November 17, giving an account of the company's problems. At the meeting, at the National Motorcycle Museum in the West Midlands, he would set out in detail the prospects for the group and each of its subsidiaries.

Negotiations are proceeding with four subsidiaries on a management buy-out, but four other MBO proposals have been rejected.

As part of a plan to reduce Eagle's £88m debt, it plans to sell some properties.

LVMH ruling finely balanced

By George Graham in Paris

THE FRENCH appeal court yesterday made a finely balanced decision in the long-running dispute over control of LVMH, the French drinks and luxury goods group.

The court decision pleased both Mr Bernard Arnault, who took control of LVMH in partnership with Guinness of the UK, in January this year, and Mr Henry Racamier, head of LVMH's luggage subsidiary Louis Vuitton, his opponent.

However, the decision appears not to have settled their quarrel and there may be legal battles in the next few weeks. The dispute has centred on the fate of an issue in March 1987 of bonds with attached warrants, amounting to around 12 per cent of LVMH's capital. These warrants found their way, almost without exception, by way of a pool of French banks into the hands of Mr Arnault, when the issue had been destined for international investors.

The court ruled the issue was irregular, but refused to cancel it, as a group of small shareholders in LVMH, associated with VIG, the Vuitton family holding headed by Mr Racamier, had demanded.

Financière Agache, Mr Arnault's holding company, welcomed the court's decision and said it hoped the way was now clear for LVMH "to pursue its development in a renewed serenity."

LVMH now expects to proceed on November 15 with a shareholders' meeting of Louis Vuitton, in which it owns 98 per cent.

VIG said the court decision, opened the way for further court action.

The decision succeeded, in any event, in thoroughly confusing the stockmarket. As the first word of the judgement emerged, LVMH's shares, which had opened at FFr4,805 ($770), shot up to FFr4,999, as brokers bet on the likelihood that Mr Arnault would have to buy more shares to strengthen his hold over the group. But the price rapidly settled again, ending at FFr4860, still some 1.7 per cent higher than the previous close.

Guinness shares up, Page 42

Benetton franchise judgement

AN Italian court has ruled in favour of the Benetton knitwear and clothing company in a case that could have significant consequences for the company's highly successful system of franchising, writes Sari Gilbert in Rome.

A magistrate in Lecce in southern Italy rejected a suit by a Lecce merchant who claimed the agreement with the big northern Italian company implied exclusive sales rights in the area.

The magistrate ruled that although the agreement constituted a genuine franchising relationship, the absence of any specific clauses meant there were no obligations regarding exclusivity.

Merchant Catia Pantaleo, who had been selling Benetton clothing since 1976, acted after a store also selling the Benetton label opened nearby.

Benetton claimed its agreements with 4,500 stores throughout the world were "licensing" agreements rather than franchises and implied no exclusivity.

Mixte gains permit to raise stake in Paribas

By George Graham in Paris

MR Pierre Bérégovoy, the French finance minister, yesterday allowed Compagnie de Navigation Mixte to lift its stake in Paribas, the privatised investment banking group, above 10 per cent.

Navigation Mixte, the food-to-financial services conglomerate headed by Mr Marc Fournier, is itself the target of a bid from Paribas valuing it at FFr22.5bn ($3.6bn), and had sought the approval of the minister in an effort to counter the bid by building a stake in its attacker.

The minister's approval – necessary under the terms of a law designed to protect privatised companies from takeover – carried a rider, however: the authorisation will be re-examined if one or more shareholders acting in concert should take more than 20 per cent of Navigation Mixte.

The terms of the approval thus throw into doubt Mr Fournier's main line of defence against the Paribas bid, the consolidation of his core of friendly shareholders.

These are Framatome, which on Monday boosted its stake from 5.7 per cent to 7.2 per cent, Crédit Lyonnais, which also bought heavily in the market on Monday, and possibly also Allianz, the West German insurance company.

Allianz is understood to have bought only a few Mixte shares in the last few days, in spite of having approval from French banking authorities to take up to 33 per cent.

Mr Fournier has affirmed that his allies represented on Navigation Mixte's board control "close to the majority" of the company's capital, but it is unclear how much exactly is in safe hands.

The green light for Navigation Mixte to buy more shares in Paribas, on the other hand, pushed up the investment bank's share price.

Navigation Mixte's shares closed yesterday at FFr1,877, above Paribas's cash offer of FFr1,850. The alternative of three Paribas shares for one Navigation Mixte, however, stood FFr40 higher at Paribas's closing price of FFr639.

Indonesia gives go-ahead to Garuda share flotation

By Paul Betts, Aerospace Correspondent

GARUDA, the Indonesian national airline, has been given the go-ahead by the Indonesian Government to float up to 25 per cent of its capital on the stock market, Mr Moehamad Soeparno, the airline's president, said yesterday.

Mr Soeparno, who has just been appointed president of the International Air Transport Association (IATA), added his airline was discussing a tie-up with Lufthansa, the West German airline, as well as KLM, the Dutch carrier.

The proposed flotation would take place between the end of next year and the beginning of 1991, he said, confirming that the Government had approved in principle the sale of a minority stake.

The proposal coincides with the financial turnround of the airline during the last two years. Mr Soeparno said it was expected to report group profits of about $100m this year, including $75m from airline operations, compared with profits of $96m last year, which included earnings of $75m from airline operations.

The flat airline profits reflected Garuda's recently announced $3.6bn plan to acquire new aircraft, renewing and expanding its fleet.

Garuda's turnover is expected to increase by about 20 per cent to $1.6bn this year. Medium and long-term debt has been sharply reduced, from around $1.3bn five years ago to $200m this year.

Mr Soeparno said the flotation of a minority stake was part of his broad strategy to give the company a more business-like and professional approach.

Garuda's strategy was also to take advantage of the high growth potential of the airline industry in south-east Asia and the Pacific region, and to develop Indonesia as a hub for the area.

Mr Soeparno said he was interested in co-operation links with western airlines, to help Garuda expand and assist the airline develop its human resources and management capabilities. "You can buy an aircraft if you have money, but you also have to educate and train your staff," he explained.

Apart from co-operation talks with KLM, he said he had started discussing co-operation with Lufthansa in Warsaw this week, at the International Air Transport Association (IATA) meeting where he was elected the organisation's president.

His election reflected the growing importance of the Asia-Pacific region for the airline industry, he said.

Mr Soeparno also welcomed the decision of Aeroflot, the Soviet airline which owns the world's largest fleet of commercial aircraft, to join IATA. He suggested the Soviet airline could provide valuable assistance in tackling the acute global shortage of aircraft.

"They could, for example, help provide additional capacity for Garuda during the annual Mecca pilgrimage, when we fly about 60,000 people in 25 days from Indonesia," he said, and added the serious backlog in western aircraft production was having "an extremely negative impact on carriers in developing nations."

LBO team buys Grandi Viaggi

By Sari Gilbert in Rome

GRANDI VIAGGI, Italy's third largest tour operator, has been acquired through a leveraged buy-out by Paribas, LBO Italia and Elcot, with the company's management. The price-tag on the operation, about L60bn ($44m), makes the operation one of the biggest leveraged buy-outs so far in Italy.

The entire capital of Grandi Viaggi, which in 1988 had total sales of L80bn and pre-tax profits of L2bn, is now in the hands of a new company, Grandi Viaggi Finanziari, set up to purchase the travel agency from its former owners, a group of private individuals who wanted to sell because of problems of family succession and cash flow.

Management previously owned a small share, but following the buy-out, now owns 34 per cent of Grandi Viaggi Finanziaria. The remaining capital is held by the financing partners.

Mr Fabrizio Bellini, Grandi Viaggi's president, is to be replaced, probably by managing director Mr Antonio De Lorenzo, while a second managing director, Mr Cyril Naar, will remain in his present post.

Matra takes 20% of BGT

By William Dawkins in Paris

MATRA, the internationally ambitious French defence and electronics group, has taken a 20 per cent stake in Bodenseewerk Geraetetechnik (BGT), West Germany's top maker of air-to-air missiles.

The deal, for an undisclosed price, is part of an agreement struck in September when Diehl, another West German missiles producer, took over BGT.

BGT, which employs 1,450 people and had sales of DM360m ($195m) last year, specialises in making homing missile heads, high technology sub-munitions, surface to air missiles and aeronautic systems.

Matra, with 7,500 employees, had sales of FFr7.9bn ($1.2bn) last year.

The deal "opens the way to new international co-operation, both with BGT . . . and with Diehl, which has a first rate ranking in the field of sophisticated sub-munitions," said Mr Noel Forgeard, general manager of Matra's defence and space divisions.

INTERNATIONAL CAPITAL MARKETS

Dealers await direction from US payroll figures

By Andrew Freeman

NEW ISSUE ACTIVITY on the Eurobond market yesterday gave little indication of investor sentiment, with most of the deals targeted towards specific demand. US employment figures today are expected to set the tone for the next few sessions.

INTERNATIONAL BONDS

The Euro-yen sector gathered pace, with IBJ International launching a Y20bn five-year issue for the Halifax Building Society. Swap opportunities and selective demand for bonds have combined to allow several recent deals, most of which have been private placements.

The Halifax bonds aroused considerable comment. After opening just outside fees at less 1.90 bid, the bonds fell away to trade as low as less 3¼ bid towards the end of the day. Underwriting fees were 1⅞ point.

Some traders saw this as evidence that IBJ had abandoned the deal and allowed it to crash outside fees. Other dealers pointed to today's holiday in Tokyo and argued that there had been extensive pre-placement of the bonds in the Far East over the last two sessions.

It was also pointed out that the Halifax deal had been launched into an unfortunate background as Euro-yen bonds came under pent-up selling pressure and fell by around ½ point across the board.

There was a diversity of opinions about the pricing of the paper, with some saying the bonds were expensive against the secondary market, and others suggesting that buying interest from Japanese institutions meant the paper was correctly priced.

Although IBJ would not elaborate, it is understood that the proceeds were swapped into sterling, via a leg in floating-rate US dollars. At yesterday's rates, swap dealers said the funding level would have been between 5 basis points and ⅛ point below Libor.

Elsewhere, Amro Bank was the lead manager of an Ecu70m five-year deal for Nederlandse Gasunie, the Dutch utility which is half-owned by the Government. The bonds, which were clearly aimed at retail investors, offered a 9⅛ per cent coupon and were priced to yield 9.23 per cent. This gave a small pick-up against the IBM benchmark issue which was yielding 9.17 per cent.

The issue was trading at a discount equivalent to full underwriting fees, and was quoted by Amro at less 1⅞ bid. An official said it was the borrower's first Euro-issue since a Canadian dollar deal in March last year, and that there was work to be done to re-establish the name with investors.

In Switzerland, most recent new issues came under selling pressure as short-term interest rates edged higher. Prices fell by around ¼ point, with the World Bank SFr100m 6 per cent issue falling by ⅞ point to less 3⅛ bid. The SAS SFr100m 6⅛ per cent issue fell by ½ to less 2 bid.

The Fokker SFr150m convertible issue traded on the secondary market for the first time, and was quoted at less 5 bid. When it was launched, it traded at 100 bid, but closed at less ⅝ bid on its first day. Traders blamed the weakness of the underlying share price, which has fallen sharply since the convertible was launched.

In Germany, turnover remained very thin with investors still largely absent from the D-Mark market. Some institutions are reported to have closed their books for the year.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
YEN						
Halifax Building Society(a)♦	20bn	6	101.70	1994	1⅞/1¼	IBJ Int.
Helaba Finance BV(a)♦	10bn	5⅞	101.05	1992	1⅛/⅞	Bank of Tokyo Cap.Mkts
African Development Bank(b)♦	20bn	5¾	100.30	1999	1⅛/1.05	Nikko Secs.
US DOLLARS						
Chuetsu Pulp Industry‡	100	(3¾)	100	1993	2¼/1⅞	Yamaichi Int. (Europe)
KG Int. Trade & Fin.(a)♦	50	8¼	101⅛	1994	1⅞/1¼	Nippon Credit Int.
Formula Ltd.(c)♦	20	23bp	100.10	1998	25bp	Fuji Int. Finance
Toshiba Corp.(d)♦§	1.2bn	3¼	100	1993	2¼/1⅞	Nomura Int.
ECUs						
Nederlandse Gasunie(a)♦	75	9⅛	101½	1994	1⅞/1¼	Amro Bank
SWISS FRANCS						
Dai Nippon C'struction(e)♦‡	100	¼	100	1995	1⅝	SBC

**Private placement. ‡With equity warrants. §Convertible. †Floating rate notes. ♦Final terms. a) Non-callable. b) Daimyo bond issue - subordinated. c) 23bp over 6-month Libor. Backed by Japanese ex-warrant bonds. d) Coupon cut by ½% from indication. e) Yield to put 3.436%.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on November 2

US DOLLAR STRAIGHTS [illegible]

Average price change... On day 0 on week +0¼

DEUTSCHE MARK STRAIGHTS [illegible]

Average price change... On day –0¼ on week –0⅛

SWISS FRANC STRAIGHTS [illegible]

Average price change... On day –0¼ on week –0¼

YEN STRAIGHTS [illegible]

Average price change... On day –0¼ on week –0¼

OTHER STRAIGHTS

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						
BP Capital 9¾ 93 £	100	91⅝	91⅞	–0⅛	–0⅜	12.86
British Airways 10 98 £	100	88½	89	–0¼	–1	12.20
Brit. Telecom 9½ 93 £	150	91⅜	92	–0⅜	–0⅞	12.66
Comm.Bk.Aust. 12⅝ 93A$	100	†92⅜	92⅞	0	+0⅜	15.38
Comm.Bk.Aus.13¼ 94 NZ$	60	103⅞	104⅞	–0⅜	+0⅛	12.45
Credit Foncier 9 96 Ecu	100	°99¼	99⅜	0	–0½	9.09
CrLocalFrance 9¼ 92Ecu	100	°99⅝	100⅛	0	–0½	9.26
Deut.Bk.Aus. 13¼ 93 A$	125	95⅛	95⅝	+0⅛	+0¼	14.94
Deutsche Bk.Fin. 15 94 A$	100	100⅝	101⅛	0	+0¼	14.64
E.I.B. 7 96 LFr	100	°95⅜	96⅛	0	–0¼	7.85
E.I.B. 7⅛ 99 FL	150	96⅜	96⅞	–0⅛	–0⅜	7.62
E.I.B. 9 99 Ecu	150	°†99⅜	99⅞	0	–0⅞	9.04
Eurofima 7⅝ 94 Ecu	100	°94⅞	95⅜	0	–0⅜	9.04
Export Dv.Crp.8¾ 92Ecu	100	°98⅞	99⅜	0	–0½	9.11
Fed.Bus.Dv.Bk. 9 94 Ecu	100	°†98⅞	99⅜	0	–0¼	9.22
Fed.Bus.Dv.Bk.9¾ 92 C$	75	†98	98½	–0⅛	+0⅛	10.50
Fed.Bus.Dv.Bk.10½ 93C$	50	†99¾	100¼	–0⅛	+0⅛	10.46
Ferrv. Stato 7¾ 93 Ecu	100	°95	95½	0	–0¼	9.34
Ford Cr.Can.10⅜ 93 C$	100	†99⅞	100⅜	–0⅛	+0⅛	10.66
Ford Cred.Can.10⅞ 96C$	125	101	101½	–0⅛	0	10.57
Ford Cred.Fund.10¼ 93£	60	93⅛	93⅞	–0⅛	–0⅞	12.87
G.M.A.C.Canada 11 3/494C$	100	103⅜	103⅞	+0⅛	+0¼	10.64
Heineken 7⅝ 94 FL	150	100⅝	101⅛	–0⅛	–0¼	7.70
Hydro-Quebec 11 99 C$	400	103⅛	103⅝	–0⅛	+0⅛	10.37
Lloyds Bank 10¼ 98 £	150	89¾	90¼	–0¼	–0¼	12.20
Lloyds Bank 11⅜ 98 £	100	93	93½	–0⅛	–1½	12.65
Montreal Tst.10¾ 93 C$	100	†98¾	99¼	–0¼	0	11.05
Nat. Aus. Bk. 14¼ 94A$	100	97½	98⅛	0	–0⅛	15.43
New Zealand 9½ 93 £	100	90¼	90¾	–0¼	–1⅛	13.00
O.E.K.B. 10¼ 99 C$	150	99⅝	100⅛	0	0	10.25
Privatbanken 7½ 94 LFr	500	°97	98	0	–0⅜	8.22
Royal Bk.Scot.10⅝ 98 £	125	91¾	92¼	–0¼	–1⅛	12.22
Saskatchewan 9⅞ 91 C$	150	†98½	99	–0⅛	+0⅛	10.64
Saskatchewan 10¼ 93 C$	200	99⅜	99⅞	0	+0⅛	10.36
State Bk.NSW. 13⅞ 93A$	100	94⅞	95⅜	+0⅛	+0¼	15.55
Sweden 7½ 93 Ecu	250	°94½	94⅞	0	–0⅜	9.15
Sweden 15 94 A$	100	101⅛	101⅝	+0⅛	+0½	14.48
Toyota Mtr.Cr.11⅜ 92C$	150	101½	102	0	+0⅛	10.50
World Bank 7⅛ 99 FL	300	96½	97	–0⅛	–0¼	7.61
World Bank 13⅞ 92 A$	100	97⅝	98⅛	+0⅛	+0⅜	14.29
World Bank 14¼ 94 A$	75	98⅝	99⅛	+0⅛	+0¼	14.54
Zentrspk. 13⅛ 93 A$	75	†95⅜	95⅞	+0¼	+0⅜	14.78

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.79	99.84	24/01	15.21
Bank of Greece 99 US$	0¼	99.74	99.84	8/03	9¼
Belgium 91 US$	0	100.19	100.29	21/02	8.81
Chelt. & Gloucester 94 £	.063	99.72	99.77	30/11	14.06
Credit Foncier 98 US$	.063	99.94	100.04	20/04	8.31
Dresdner Finance 99 DM	.031	99.84	99.95	28/01	8.16
EEC 3 92 DM	0	100.00	100.10	22/02	6¼
Halifax BS 94 £	.1	100.11	100.16	9/11	13.97
Invt. in Industry 94 £	0¼	99.93	100.03	24/11	14.06
Leeds Perm. B/S. 94 £	0⅛	100.06	100.11	15/01	15.37
Milk Mkt. Brd. 5 93 £	0⅛	99.83	99.88	29/12	14.94
New Zealand 5 97 £	.07	99.98	100.08	18/11	13.19
Northern Rock 92 £	0½	99.85	99.90	20/01	5¼
State Bk. Nsw. 98 US$	.188	100.24	100.34	11/02	8.81
Woolwich Equit.BS. 93 £	0⅛	99.96	100.01	15/01	15.37
Woolwich 5 95 £	0⅛	99.86	99.91	21/11	14.06

Average price change... On day –0.01 on week –0.03

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US$	8/87	62.	115⅝	116⅛	–0⅝	3.00
Amer. Brands 7¼ 02 US$	†9/87	56.7	120½	121½	+0½	–2.34
CBS. Inc. 5 02 US$	4/87	200.	102⅛	103⅛	–0¼	3.40
Dai-Ichi Kan. 3⅞ 04 US$	7/89	3486.	99¼	100⅛	0	3.66
Primerica 5½ 02 US$	4/87	66.75	74	75	–0⅛	76.03
Eng.China Clay 6½ 03 £	9/88	4.8	86⅜	87⅜	+0⅞	3.66
Fujitsu 3 99 US$	5/84	1106.	213½	214½	+1	–0.43
Ladbroke 5⅛ 04 £	†6/89	7.1	98½	99½	+0¼	146.63
Land Secs. 6¼ 02 £	6/87	6.72	84¼	85¼	–0¼	12.22
Minolta Camera 2¼ 94DM	2/86	1004.	104⅝	106	+0¼	10.79
MCA Inc 5½ 02 US$	†9/87	69.62	100¼	101¼	+0¼	12.45
Mitsubishi Bk. 3¼ 04 US$	5/89	3366.	93	94	–0½	1.26
Next Plc 5¾ 03 £	11/87	4.3	95½	96½	0	316.97
Nichi Nipp.Bk.2⅞ 03 US$	4/88	804.	126¼	127¼	–0¼	–0.96
Quantum Inc. 6 1/2% 04 US$	10/89	28.	101⅛	102⅛	0	19.74
Ouvon Tatsiti 2⅝ 02 US$	4/87	1310.	286½	287½	0	0.43
Ranks Hovis 4¼ 03 £	1/88	3.5	118¼	119¼	+0⅛	–2.56
Redland 7¼ 02 £	1/87	5.4	98	99	+0¼	3.28
Saatchi&Saatchi 6¾ 03 £	†10/89	4.41	92	93	+0¼	33.75
Silicon Graphics 8 04 US$	6/89	23.18	116⅛	117⅛	–0¼	9.46
Sumitomo Bank 3¼ 04 US$	2/89	3897.	82⅛	83⅛	–0⅛	5.00
Texas Inst. 2¾ 02 US$	9/87	82.87	75⅜	76½	–0¼	96.35
Utd.Newspapers 8 04 £	10/89	8.77	–	–	–	–
W.R. Grace 6¼ 02 US$	9/87	42.12	92⅝	93⅝	+0¼	28.07

° No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

CME takes new steps to limit futures volatility

By Deborah Hargreaves

THE Chicago Mercantile Exchange (CME) announced plans yesterday to limit volatility on its Standard & Poor's 500 stock index futures further by expanding daily limits for price movement in the contract.

The futures market's so-called circuit breakers, which were introduced after the stock market crash in October 1987, were tested when the New York stock market plunged on October 13. This fall prompted the exchange to review price limits in stock index futures.

Under its new proposals, the exchange will keep its five point price limit in place for the first 10 minutes of trading S&P 500 futures. This will not lapse if trading moves off the limit, as it does at present.

The exchange plans to add a new price limit which would halt trading if the futures contract declines by more than 20 points in an hour. This would equal a move of 150 points in the Dow Jones Industrial index at the New York Stock Exchange and would halt trading altogether in Chicago if the limit is triggered after 1.30pm.

The exchange plans to retain its second cut-off point, which halts trading if the futures contract drops by more than 12 points in 30 minutes. The CME also has limited daily price movement in either direction to 30 points from a current level of 50 points.

When stock prices in New York nosedived on October 13, trading in S&P 500 futures was halted when the contract dropped by 12 points. However, when trading resumed, futures prices dropped by another 18 points which stopped trading until the market closed.

Although the "shock absorbers" had provided an important function, there had been a temporary misalignment between futures and the stock market once the 12-point limit expired, the exchange said. The new 20-point limit should ensure this does not happen again.

The exchange says its proposals, which require approval by the Commodity Futures Trading Commission, will allow better co-ordination between the Chicago and New York markets. The New York Stock Exchange met yesterday to review its own system of circuit-breakers.

Nykredit plans to convert to stock company

By Hilary Barnes in Copenhagen

NYKREDIT, one of Denmark's two largest mortgage credit associations, plans a conversion from self-owning association to joint stock company with effect from December 1.

Also Nykredit will adopt a holding company structure, allowing it to diversify into non-mortgage business and to merge with other financial groups such as a bank or insurance company.

The creation of big financial service groups is under discussion in Copenhagen.

The conversion will enable Nykredit to raise equity capital from external sources, which may be necessary when the EC directive on solvency requirements comes fully into force, Mr Thorleif Krarup, chief executive, said yesterday.

He said that Nykredit does not need new equity capital immediately. Present capital exceeds the Danish solvency requirement by some DKr6bn ($838m) and if the EC directive became fully applicable now, Nykredit would have a margin of DKr2bn.

Nykredit's equity capital is about DKr16.4bn, which is almost 50 per cent above that of Denmark's biggest bank, Danske Bank.

The mortgage associations are controlled by a council of representatives of mortgage borrowers. The council will retain control of the holding company, which will in turn own the mortgage company.

NZ State Insurance Office to be sold off

THE New Zealand Government intends to privatise the State Insurance Office next year in a public flotation that would provide the Treasury with more than NZ$500m (US$294m), Reuter reports.

Mr Peter Neilson, the associate State-Owned Enterprises minister, said: "There is no reason why the Government should continue to own an insurance company. Ownership of such a business is not required for the Government to meet its economic or social objectives."

State Insurance has about 25 per cent of the New Zealand fire and general insurance market.

Another bad day for gilts as rumours sweep markets

By Rachel Johnson in London, George Graham in Paris and Janet Bush in New York

THE UK government bond market, badly dented on Wednesday by the news that public authority swaps had been ruled illegal, was described as a "fiasco" yesterday by one gilts economist as rumours that a Cabinet minister had resigned in a City scandal swept across trading desks.

GOVERNMENT BONDS

Some confidence returned as various denials were issued, but the market did not recover and fell even further after hours.

The long gilt future opened at 91.13, fell to 91.16, and carried on falling through resistance levels.

The benchmark Treasury 11¾ 2003/07 bond started trading at 111.04, and lost almost a whole point to 110 to yield 10.33.

Liffe traded a record 3m contracts of futures and options during October, the exchange announced yesterday, a 27 per cent increase on the previous June peak. Average daily volume also reached record levels of contracts, representing a daily turnover of £39bn.

■ TRADING in German government bonds yesterday was dominated by the issue of the new Federal 10-year Bund. After rumours that the issue would be of DM6bn, the market was relieved when the Bundesbank decided to issue a bond of the more normal size of DM4bn, with a coupon of 7¾ and priced at 100.25.

The market was expecting a coupon of 7 per cent, and fell slightly as a result of the terms. Many traders had sold bonds on the expectation of buying them back at lower prices. The timing of the Bundesbank's announcement, to coincide with the closing of the futures market, was a cause of some dismay, as it left traders no room to cover their positions outside the cash market.

Bonds were marked down between five and 10 pfennigs, and during the day traders tidied up their portfolios in advance of the arrival of the new Bund.

The December futures contract opened at 50 and fell to 35 as a reaction to the Bund's smaller size.

■ THE FRENCH Government yesterday sold FFr7.42bn worth of bonds at its regular monthly auction.

Yields were higher than at the last monthly auction, conducted on the day that most European central banks raised their money market interest rates.

The auction focused on the 10-year fixed rate OAT 8.125 per cent 1999, with FFr3.45bn of bids accepted at a cut-off price of 94.65. This gave a weighted average yield of 8.96 per cent, 14 basis points higher than at last month's auction.

A further FFr2.8bn of the 15-year OAT 8.25 per cent 2004 was sold at a cut-off price of 93.65, yielding 9.05 per cent.

Demand for the floating rate OAT TME 2001 was more restrained. The Government accepted bids for FFr1.15bn at a cut-off price of 95.05, giving a margin of 6 basis points below the average secondary market yield of government bonds on which it is indexed.

Last week the Government had sold a further Ecu300m of its eight-year tap stock denominated in the European currency unit at an exceptional auction. It has also been active at the short end of the market, issuing around FFr35bn of one month bills in the last two weeks.

■ US Treasury bonds held little changed yesterday morning as traders refrained from doing much business ahead of today's October employment release.

At midsession, the Treasury's benchmark long bond was quoted unchanged from Wednesday's close to yield 7.88 per cent. Short and medium-dated maturities were unchanged or up to ⅛ point higher.

The tone of the market was positive yesterday on expectations that today's figures will show enough softness in the jobs market to prompt the US Federal Reserve to ease monetary conditions.

The latest figures for weekly unemployment claims suggest that October's jobs release will point to a rise in the unemployment rate of perhaps 0.2 per cent.

Hopes of an easing move by the Fed are underpinning the market and over-riding any concern about next week's record $30bn quarterly refunding.

The Treasury announced late on Wednesday that it would auction $10bn each of three-year, 10-year and 30-year bonds on Tuesday, Wednesday and Thursday next week. It plans also to sell $10bn worth of cash management bills on Thursday. The timing of these sales still depends on Congress passing legislation to raise the debt ceiling.

The next meeting of the Federal open market committee, which decides on the official target for the Fed funds rate, is on November 14.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	104-07	-15/32	11.72	11.34	11.66
		8.750	1/98	94-14	-21/32	10.78	10.43	10.36
		9.000	10/08	92-28	-31/32	9.84	9.52	9.80
US TREASURY *		8.000	8/99	100-23	+2/32	7.89	7.87	8.24
		8.125	8/19	102-23	-	7.89	7.87	8.19
JAPAN	No 111	4.800	6/96	94.4620	+0.057	5.45	5.39	5.26
	No 2	5.700	3/07	103.4322	-0.094	5.32	5.21	5.11
GERMANY		6.750	6/99	97.0500	-0.100	7.18	7.02	7.00
FRANCE	BTAN	8.000	7/94	94.4294	-0.351	9.50	9.25	9.10
	OAT	8.125	5/99	94.3100	-0.840	9.02	8.79	8.78
CANADA *		9.500	10/98	100.2500	+0.225	9.46	9.44	9.75
NETHERLANDS		7.250	7/99	97.8000	-0.250	7.59	7.42	7.40
AUSTRALIA		12.000	7/99	91.7192	+0.151	13.55	13.60	13.63

London closing. *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

High cost of out-dated bourse technology

Andrew Fisher on the lessons of October's fall for German investors and SE officials

The unexpected news that the stock exchange turnover tax was to be repealed in just over a year was a welcome lift to morale on West Germany's financial markets, which suffer severe competitive disadvantages compared with other big centres in Europe and overseas.

It is, after all, only a fortnight since German share prices went into a dizzy decline on October 16 in the wake of Wall Street's mid-October slide. Two questions are being pondered by financially bruised private investors, embarrassed stock exchange officials and impatient bankers.

What prompted shareholders to sell in such volumes that stock prices fell further than in other markets? And why did the market's dealing mechanisms fail to keep pace with the unexpectedly heavy trading?

The answer to the first is mainly cultural or historical: the second has to be answered in practical terms.

In unusually forthright, almost fulminating, language, Deutsche Bank summed up its feeling on both issues in its stock market report at the end of the week which began so dismally.

"The German stock market has suffered again," it said. Shareholders' confidence had been harmed and the market had not been transparent enough. All this showed that the German bourse made "still far from an ideal picture."

Few people in the market would disagree, following the 13 per cent drop of 30 shares on the DAX index on October 16, though much of this loss was quickly clawed back. "Individuals must feel they have been victims again," commented Mr Rolf Breuer, a director of Deutsche Bank, recalling the crash of two years ago.

"Some will say 'never again'. We shall have to do a lot of explaining, educating and encouraging to get people into the stock market." But while Mr Breuer complained about "the outdated stock exchange structure and lack of transparency," critics of the banks say these failed to advise adequately the mass of anxious investors, and that they have dragged their feet on bourse reforms.

Mr Breuer accepts that bank advisers in branches may not have discouraged people from selling. "It was a natural reaction to take profits, since the market had moved up all year." (On October 13, the DAX was 20 per cent higher than at the end of 1988.) "But people had in mind a potential price decrease similar to Wall Street's of between 5 and 7 per cent."

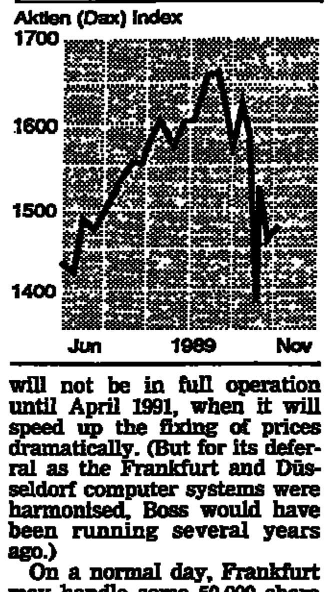
In the event, prices plummeted, although Germany's economic outlook is strong and many companies are earning record profits. But it was hard for investors to know what was going on. Hence the attention focused on the method of dealing in Frankfurt, by far the largest of Germany's eight bourses. After the opening of official dealings at 11.30am (local time) on the Monday morning, it took half an hour for the first prices to emerge. For some stocks, such as Volkswagen, it took even longer. Altogether, trading had to be extended by 75 minutes.

The weak link consisted, quite simply, of masses of pieces of paper, piled high as brokers sought frantically to match these order slips to prices. When selling hit unexpectedly large volume on the Monday morning, this link was mercilessly exposed.

Boss, the exchange's computerised order-routing system,

W.Germany

Aktien (Dax) Index



will not be in full operation until April 1991, when it will speed up the fixing of prices dramatically. (But for its deferral as the Frankfurt and Düsseldorf computer systems were harmonised, Boss would have been running several years ago.)

On a normal day, Frankfurt may handle some 50,000 share trades – roughly half the total on all bourses – representing around 15 times as many individual contracts which have been combined by brokers to fix a price. On October 16, the number of transactions was 70,000, rising to 84,000 on the following day as people rushed to buy again. Clearly, brokers and their staff were over-stretched. Thus investors, most of whom had put no limits on their sell orders, did not know at what price they were selling, because the system was clogged up.

Since there were few buyers, prices plummeted. Without running price information, investors seeking to pick up stock at lower prices could not deal either. Prices recovered after hours, but too late for small investors whose deals are only handled within official trading times, normally two hours. This time span will now be lengthened.

Private shareholders wanting to buy on the Tuesday also faced a frustrating wait. One Metallgesellschaft shareholder had to wait 24 hours for his deal to be put through, by which time the price had risen by some DM80.

Even with up-to-date technology, investors will probably have to get used to volatility as a way of life on the market. "Fluctuations will often occur," said Mr Artur Fischer, the director in charge of technology at the Frankfurt Stock Exchange. "With the international linkages between markets, investors have to be able to change their positions several times a day."

Mr Manfred Zass, vice-president of the Frankfurt Bourse, also believes that volatility will have to be taken increasingly into account. Frankfurt will have a new futures market, the Deutsche Terminbörse (DTB), early next year, and the banks are also setting up Ibis, a computerised inter-bank information system, which starts in December. A rival system, Matis, is being set up by the brokers, who feel that Ibis is too costly for them and will put them even more in the shadow of the banks.

"We can't say yet whether all these changes will prevent volatility," said Mr Zass. "The presence of the DTB and Ibis would have provided some protection against fluctuations, but Germany is only one part of an increasingly open global financial scene."

Nor does the German stock market just consist of Frankfurt. On October 16, prices of stocks differed widely between the bourses, far more than the usual few D-Mark which provide arbitrage possibilities. For instance, shares in MAN, the engineering group, closed at DM300 in Munich, DM315 in Frankfurt and DM340 in Hamburg. On the previous Friday, the Frankfurt closing price was DM399 against DM398 on the other markets.

Undoubtedly, the so-called "mini-crash" of mid-October has left its mark. "The German stock market needs a period of calm," said Deutsche Bank. How long it will take to repair the shattered nerves of many of Germany's private shareholders remains to be seen.

One thing is certain: on October 16 they paid a heavy price for the slow pace at which the German bourses are embracing the electronic age.

VSB defies Government over commission rules

THE ASSOCIATION of Swiss Exchanges (VSB) is to introduce a new commission structure for brokerage transactions in direct opposition to the government-backed Cartel Commission's call that such agreements be abolished, Reuter reports.

"The VSB is convinced that maintaining the commission agreement is in the best interests of Switzerland as a financial exchange centre," it said in a statement.

A VSB official said the new structure would make commissions freely negotiable for deals worth more than SFr500,000, reduce fees for deals between SFr250,000 and SFr500,000, and raise those for smaller transactions.

He declined to specify what the commissions would be under the new agreement. Under the present convention, commissions are negotiable for transactions above SFr1m.

African bank in Japanese issue worth Y20bn

By Andrew Freeman

NIKKO Securities is lead managing the first public subordinated issue to be launched on the Japanese domestic capital market.

The so-called Daimyo issue is a Y20bn 10-year deal for the African Development Bank carrying a 5¾ per cent coupon and priced at 100.30.

The deal concluded the bank's borrowing programme for 1989.

Dutch ministry to relax its cross-stake policy

THE DUTCH Finance Ministry is to liberalise its "structure policy" by January 1 and effectively allow banks and insurance companies to take substantial cross stakes in each other or acquire each other, Reuter reports.

This will remove the legal objections to plans put forward by Amev, the insurance group, and savings bank VSB, to bring together the two companies' activities into one holding company. At present banks and insurance companies can only take 15 per cent stake-holdings in each other.

The ministry said the links between insurers and banks will be allowed through holding companies or cross equity holdings.

Legal difficulties and supervisory problems were among the key obstacles that prevented Amsterdam-Rotterdam Bank and Générale Bank of Belgium pursuing their planned alliance this year.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Thursday November 2 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Wed Nov 1 Index No.	Tue Oct 31 Index No.	Mon Oct 30 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (208)	864.89	-0.5	12.84	4.90	9.53	27.51	868.94	868.88	865.76	824.43
2 Building Materials (29)	1027.51	-0.3	15.34	5.48	8.14	35.43	1030.93	1016.23	993.95	1844.39
3 Contracting, Construction (37)	1366.37	-	17.99	5.64	7.26	55.10	1365.91	1351.51	1330.87	1599.84
4 Electricals (10)	2473.20	-0.8	11.16	5.82	11.27	68.98	2493.46	2478.86	2438.57	2366.59
5 Electronics (30)	1933.76	-0.8	9.63	3.84	13.38	58.67	1928.97	1902.22	1887.68	1761.46
6 Mechanical Engineering (54)	455.78	-1.8	12.22	4.94	9.95	14.68	464.44	458.72	453.54	433.42
8 Metals and Metal Forming (6)	454.16	-	22.64	6.59	4.87	16.13	454.37	449.23	443.46	518.29
9 Motors (18)	281.92	-2.0	18.98	4.79	14.69	13.79	269.28	[illegible]	[illegible]	285.49
10 Other Industrial Materials (24)	1644.41	+0.7	10.27	4.67	11.40	51.93	1592.94	1585.54	1561.84	1390.43
21 CONSUMER GROUP (184)	1233.83	-0.1	6.94	3.59	14.87	27.90	1235.32	1222.65	1205.91	1879.44
22 Brewers and Distillers (23)	1388.35	-0.4	9.47	3.57	13.31	28.11	1395.76	1375.28	1361.36	1143.83
25 Food Manufacturing (20)	1095.73	-0.3	9.27	3.90	13.62	25.28	1099.43	1092.72	1076.60	983.19
26 Food Retailing (14)	2288.72	-0.2	9.17	3.07	14.42	44.25	2294.37	2275.35	2265.45	1858.92
27 Health and Household (14)	2471.15	-0.2	6.34	1.96	18.79	32.74	2476.19	2435.85	2378.95	1889.42
29 Leisure (34)	1522.43	-0.2	8.57	3.77	14.38	37.32	1524.88	1506.36	1480.37	1416.40
31 Packaging & Paper (15)	526.55	-0.3	11.49	5.65	10.94	16.17	528.23	525.48	518.84	561.52
32 Publishing & Printing (18)	3556.75	-0.2	9.06	4.87	14.15	107.48	3562.78	3489.45	3406.84	3467.32
34 Stores (32)	762.85	-0.6	11.38	4.84	11.56	21.68	767.75	758.85	743.43	749.84
35 Textiles (14)	511.79	+0.4	11.17	5.76	10.86	15.85	509.78	518.45	511.46	520.36
40 OTHER GROUPS (93)	1088.98	-0.1	10.21	4.73	11.21	27.38	1092.48	1082.78	1071.17	915.86
41 Agencies (17)	1493.18	-0.1	7.87	2.42	17.45	25.29	1495.88	1488.44	1485.29	1088.81
42 Chemicals (22)	1166.78	-0.1	12.85	5.36	9.16	43.50	1168.51	1167.75	1158.86	1062.57
43 Conglomerates (13)	1266.56	-0.1	11.85	5.59	10.65	36.56	1267.98	1251.75	1240.62	1258.66
45 Transport (13)	2115.95	-0.5	10.55	4.43	12.11	56.58	2127.18	2104.76	2082.77	1957.27
47 Telephone Networks (2)	1044.56	-1.5	11.61	4.73	11.23	22.38	1060.21	1051.71	1041.48	987.50
48 Miscellaneous (20)	1791.42	-0.3	9.69	4.59	11.69	44.06	1802.13	1781.41	1767.91	1248.29
49 INDUSTRIAL GROUP (485)	1199.78	-0.4	10.45	4.25	11.80	28.73	1203.83	1193.37	1187.96	983.44
51 Oil & Gas (15)	2124.82	-	10.19	5.34	12.96	87.58	2124.45	2118.58	2098.38	1732.79
59 500 SHARE INDEX (500)	1295.09	-0.3	10.42	4.40	11.95	33.53	1298.81	1288.47	1272.16	1047.38
61 FINANCIAL GROUP (121)	739.08	-0.2	-	5.64	-	28.35	740.28	739.28	730.39	694.67
62 Banks (9)	734.16	+0.7	23.50	6.81	5.59	35.17	729.38	722.71	715.29	672.87
65 Insurance (Life) (8)	1239.76	-0.3	-	5.12	-	47.56	1243.43	1238.98	1216.58	960.76
66 Insurance (Composite) (7)	632.91	-0.9	-	5.97	-	28.34	638.98	639.27	639.14	528.84
67 Insurance (Brokers) (7)	1026.36	-1.4	7.33	6.12	18.15	45.26	1040.83	1040.86	1042.85	955.40
68 Merchant Banks (11)	396.77	+0.5	-	4.26	-	11.75	394.89	389.35	384.95	353.84
69 Property (49)	1137.56	-0.8	7.88	3.61	16.03	22.74	1147.13	1152.61	1137.97	1251.56
70 Other Financial (30)	316.40	———	12.54	6.76	10.39	13.34	316.31	315.87	311.78	373.42
71 Investment Trusts (69)	1180.48	-0.4	-	2.96	-	21.61	1185.22	1181.34	1168.82	938.86
81 Mining Finance (1)	662.09	———	11.29	4.87	9.96	22.25	662.09	646.69	631.29	561.55
91 Overseas Traders (7)	1342.18	+0.5	10.34	6.02	11.10	49.80	1335.60	1350.50	1336.57	1410.94
99 ALL-SHARE INDEX (698)	1085.73	-0.3	-	4.55	-	31.96	1088.76	1080.79	1066.26	968.84

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Nov 1	Oct 31	Oct 30	Oct 27	Oct 26	Year ago
FT-SE 100 SHARE INDEX§	2154.1	-6.0	2160.3	2146.3	2160.1	2142.6	2112.2	2082.1	2129.4	1837.6

§Opening index 2157.5; 10 am 2147.7; 11 am 2157.1; Noon 2159.0; 1 pm 2158.4; 2 pm 2158.9; 3 pm 2155.9; 3.30 pm 2156.4; 4 pm 2157.5
(a) 2.27pm (b) 9.55am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.
CONSTITUENT CHANGE: Drayton Asia Investment Trust (71) has been inserted.

FIXED INTEREST

PRICE INDICES	Thu Nov 2	Day's change %	Wed Nov 1	xd adj. today	xd adj. 1989 to date
British Government					
1 Up to 5 years	116.42	-0.23	116.91	0.22	10.23
2 5-15 years	129.22	-0.68	130.10	-	11.60
3 Over 15 years	138.30	-0.99	139.69	-	12.00
4 Irredeemables	156.42	-0.33	156.94	-	13.42
5 All stocks	127.53	-0.56	128.33	0.88	11.35
Index-Linked					
6 Up to 5 years	139.16	+0.08	139.04	-	2.79
7 Over 5 years	137.98	-0.32	138.41	-	3.21
8 All stocks	137.95	-0.29	138.34	-	3.15
9 Debentures & Loans	107.77	-0.44	108.25	-	9.19
10 Preference	86.36	-0.08	86.43	-	5.26

	AVERAGE GROSS REDEMPTION YIELDS		Thu Nov 2	Wed Nov 1	Year ago (approx.)
	British Government				
1	Low	5 years	9.99	9.92	9.66
2	Coupons	15 years	9.75	9.65	9.19
3		25 years	9.65	9.57	8.88
4	Medium	5 years	11.20	11.06	10.05
5	Coupons	15 years	10.15	10.03	9.42
6		25 years	9.78	9.69	9.10
7	High	5 years	11.30	11.16	10.19
8	Coupons	15 years	10.36	10.24	9.52
9		25 years	9.93	9.83	9.15
10	Irredeemables†		9.69	9.66	8.81
	Index-Linked				
11	Inflation rate 5%	5yrs.	3.64	3.66	2.74
12	Inflation rate 5%	Over 5yrs.	3.43	3.45	3.55
13	Inflation rate 10%	5yrs.	2.81	2.82	1.61
14	Inflation rate 10%	Over 5yrs.	3.44	3.46	3.39
15	Debs & Loans	5 years	11.81	11.76	11.65
16		15 years	12.57	12.27	11.00
17		25 years	11.87	11.80	10.68
18	Preference		10.70	10.69	10.81

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	4	93	6
Corporations, Dominion and Foreign Bonds	4	12	26
Industrials	338	456	802
Financial and Properties	107	212	355
Oils	25	28	41
Plantations	0	2	8
Mines	35	33	103
Others	8	52	124
Totals	597	888	1,465

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	61	51	Abtrust New Dawn B Wts	61		-	-	-	-
§20	F.P.	-	25½	22½	*Antos of Distinction 5p	22½		-	-	-	-
†	F.P.	-	100	95	‡Benbaild Devlpmts 50p	95	-5	1.8	5.9	2.5	8.8
120	F.P.	3/11	135	117	Birse Group 10p	120	-1	L4.25	2.3	4.7	9.2
§100	F.P.	-	128	100	‡Boxmore Intl. 10p	123xd		u5.2	1.9	5.6	11.9
§74	F.P.	-	82	63	‡Brandon Hire 10p	75	+1	u3.33	1.6	5.9	11.2
§82	F.P.	-	91	86	‡CIA Group 5p	89	-1	R2.5	3.6	3.7	9.9
Ir56	F.P.	2/11	71	56	‡Cambridge Group Ir5p	66		d07½%	14.8	0.5	17.0
§110	F.P.	-	119	98	‡Cooper Clarke Group 10p	100		u4.5	1.9	6.0	8.1
100	F.P.	-	103	93½	Drayton Asia Trust 10p	96		-	-	-	-
-	F.P.	-	54	46	Do. Warrants	53		-	-	-	-
†	F.P.	-	865	700	‡Elan Corpn. Ir4p	700		-	-	-	66.1
50	F.P.	8/11	53	40	‡Essex Furniture 5p	45		u1.88	2.3	5.6	10.2
Ir96	F.P.	20/10	95	83	‡FBD Hldgs. Ir50p	90		u03.2%	5.2	1.5	12.9
105	F.P.	-	101	98	Hays 1p	101		W3.0	2.8	4.0	11.8
100	F.P.	-	97	95	I & S Optimum Inc 10p	97		-	-	-	-
-	F.P.	-	105	81	Leveraged Oppty Tst.	81		-	-	-	-
-	F.P.	-	61	38	Do. Warrants	41		-	-	-	-
††	F.P.	21/11	81	66	*Mid-States (Ex DSC)	76	-1	-	-	-	-
20	F.P.	-	23	19	‡Millwall Hldgs. 1p	21	-1	-	-	-	39.6
†	F.P.	-	714	624	Mitsubishi Crp. Y50	703	-5	Q14%	4.3	0.4	52.7
†	F.P.	-	925	884	Mitsui Tst. & Bnking Y50	884	-1	Q16%	7.1	0.4	35.1
♦	F.P.	-	168	128½	PFG Hodgson Kenyon 10p	129	-3	-	-	-	-
§50	F.P.	-	52	40	Pacific Horizon Inv 10p	45	+1	-	-	-	-
-	F.P.	-	28	18	Do. Warrants	22	-1	-	-	-	-
-	F.P.	-	25	17	Pacific Prop Wrrnts	19	-1	-	-	-	-
§130	F.P.	-	143	115	Partridge Fine Arts 10p	123		R3.5	2.5	3.8	11.3
100	F.P.	2/11	103	95	Riv. & Merc. Extra Inc. 1p	100		N7.5	-	10.0	-
-	F.P.	-	25	20	Do. Warrants 1p	20		-	-	-	-
†	F.P.	-	792	745	Saitama Bank Y50	760	+1	Q13%	4.7	0.4	56.6
†	F.P.	-	927	925	Toyo Tst. & Banking Y50	925	-2	Q16%	6.9	0.4	37.6
90	F.P.	-	94	68	Vardy (Reg) 10p	83	-1	u3.38	2.2	5.4	8.4
§97	F.P.	-	103	101	‡Wescol Group 10p	101		u4.5	2.0	5.9	8.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price £	+ or -
♦	F.P.	-	104p	93p	Bowater Inds. 7.75pc Cv. Pf.	95p	
105p	F.P.	-	108½p	92p	British Aerospace 7.75p (Net) Cv. Pf.	93p	
§100p	F.P.	20/10	103p	92p	British Airways Cap. 9¾pc Cv Cap.	94p	
100p	F.P.	17/11	103¼p	80p	City Site Ests. New 5¼pc Cv Rd Pf	80p	
♦	F.P.	-	50p	45½p	Fleming Tech Zero Div. Pf	46½p	
♦	F.P.	-	51p	46p	Gartmore Am. Secs. Zero Div Pf 5p	49p	+¼
-	F.P.	-	101p	97p	I & S Optimum Income Tst Zero Div Pf	99p	
§100	F.P.	-	103	80½	Leveraged Opportunity Tst Cv Uns Ln	80½	
-	F.P.	-	100	98⅜	Nationwide Anglia 13½pc Bds. 3/9/90	98⅜	
§99.1	F.P.	-	107	99¼	Do. 4.25pc Index-Linked 2024	106½	
♦	F.P	-	88p	73p	PFG Hodgson Kenyon 6¾pc Pf. '91-2001	73p	
§420p	P.P.	10/7	138p	96p	Tiphook Units	106p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+ or -
**Ir96	Nil	-	39pm	1¼pm	‡Atlantic Res. Units	31pm	-2
340	F.P.	15/12	351½	340¼	F & C Eurotrust	346	
Ir240	Nil	-	48pm	33pm	‡Flogas Ir10p	38pm	-5
72	Nil	-	2½pm	¼pm	Mount Charlotte Invs. 10p	¼pm	
105	Nil	-	1¼pm	1¼pm	‡Riva Group 10p	1¼pm	
23	Nil	-	64pm	54pm	‡Ross Cons. Elects. 10p	64pm	+5
150	Nil	-	5pm	¼pm	Seafield	¼pm	
Ir80	Nil	-	8pm	5pm	‡Xtra-Vision Ir5p	5pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ‡ Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market. # Price at suspension. ** Units comprising 12 ord & 5 warrants attached.

TRADITIONAL OPTIONS

● First Dealings Oct 23
● Last Dealings Nov 3
● Last Declarations Jan 25
● For settlement Feb 5

For rate indications see end of London Share Service

Calls in S. Miller, London Secs., A. Fisher, ADT, Kelt Energy, Ossory Ests., Tusker Res., Explaura, J. Williams Inds., Amstrad, Control Secs., Blacks Leisure, Era Group, Walker Greenbank, Euro Disney.

LONDON TRADED OPTIONS

It was a grey day on the London Traded Options Market yesterday where trading mirrored the weather and remained dismal throughout the session.

A couple of pools of activity were created in two individual stock options and volume in the FT-SE 100 index option was up on Tuesday. But edginess in the stock market continued to cast a pall over options trading as players sat out the gloomy market.

Jaguar options were fairly busy following the launch of a bid for the company from US car maker Ford, and a subsequent announcement by General Motors that the company would not make a counter offer. Jaguar options accounted for almost a third of the market's volume yesterday and trading was evenly split between puts and calls.

Total turnover on the LTOM was slightly higher than Wednesday at 26,977, but volume remains depressed by traditional standards. Volume was almost evenly split between puts and calls with 12,131 put options traded and 14,846 call options. Open interest, a measure of the number of options contracts outstanding, is still low, although on Wednesday it rose to 782,068 contracts from Tuesday's 750,626.

Volatility on the options market was fairly low in spite of stock market jitters over rumours that a government minister had been involved in insider trading. These were strongly denied in a statement from the Prime Minister.

Much of yesterday's options business involved marketmakers trading deep in-the-money puts which perform in a similar way to the underlying equities.

Trading in Jaguar options reached 7,041 contracts as the option remained the only major issue to generate much excitement. STC was the second most active option with 1,462 contracts changing hands.

Turnover in the FT-SE 100 index option rose from Wednesday's low level to 9,136 contracts with put options taking the bulk of the volume. Put options on the FT-SE 100 index traded 7,295 with 1,841 calls changing hands. The most active series was the December 2,000 put, of which 1,025 were traded.

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied Lyons (*446)	420	45	63	70	13	19	25
	460	22	40	50	32	38	43
Brit. Airways (*196)	180	22	30	32	4	7	10
	200	10	18	21	13	16	20
	220	4	9	13	28	29	31
Brit. Com (*117)	110	20	25	25	7	9	13
	120	14	17	18	13	15	19
	130	9	13	14	20	21	23
Smithk Bchm (*549)	500	-	83	101	-	10	15
	541	36	-	-	20	-	-
	550	-	50	67	-	27	31
Boots (*263)	240	32	43	49	5	7	11
	260	19	30	36	13	15	18
	280	9	20	25	25	27	29
B.P. (*297)	260	42	-	-	2½	-	-
	280	25	33	38	7	13	14
	300	12	21	28	16	20	21
British Steel (*126)	120	10	14	14½	3	4	6½
	130	-	-	10	-	-	11
Bass (*954)	900	75	-	-	20	-	-
	950	45	80	103	42	52	57
	1000	25	55	78	75	80	88
C & Wire (*489)	460	55	77	90	18	23	28
	500	31	55	67	34	40	42
Cons. Gold (*1480)	1400	-	-	-	3	-	-
	1450	20	-	-	5	-	-
	1500	4	-	-	45	-	-
Courtaulds (*355)	330	38	51	58	7	9	14
	360	19	32	39	18	21	26
	390	8	19	26	40	40	44
Com. Union (*452)	390	77	85	-	4	7	-
	420	49	59	70	7	15	17
	460	26	34	45	20	30	31
G.K.N. (*386)	360	45	52	59	6½	13	16
	390	26	33	43	18	27	30
Grand Met. (*507)	500	40	55	73	21	32	37
	550	18	33	47	47	57	62
	600	8	18	-	95	95	-
I.C.I. (*1085)	1050	90	110	132	24	45	52
	1100	60	80	100	47	69	77
	1150	35	54	77	75	100	105
Jaguar (*829)	800	58	58	58	3	3	3
	850	13	13	13	23	23	23
	900	5	5	5	73	73	73
Kingfisher (*283)	260	36	50	53	4½	9	12
	280	23	36	40	11	13	17
	300	13	25	30	22	25	28
Ladbroke (*279)	275	22	-	-	14	-	-
	280	-	31	37	-	19	24
Land Secs (*502)	500	32	48	58	20	27	33
	550	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & S (*190)	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
STC (*276)	260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	280	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sainsbury (*255)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Trans. (*430)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Storehouse (*114)	110	11	15	19	5½	8½	11
	120	7	11	13	11	14	16
Trafalgar (*333)	317	27	-	-	11	-	-
	330	-	30	35	-	20	27
	347	11	-	-	28	-	-
Utd. Biscuits (*351)	330	37	51	58	9	15	17
	360	20	32	38	22	28	30
	390	10	20	-	42	42	-
Unilever (*653)	600	74½	95	110	9½	18	22½
	650	37½	59½	76½	23	33½	37½
	700	15½	33½	50½	57½	62½	65½
Ultramar (*327)	300	42	50	60	8	11	14
	330	23	33	43	18	25	27
	360	10	20	-	37	40	-

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Brit Aero (*535)	500	45	72	85	4	18	22
	550	13	43	55	26	35	43
	600	3	21	35	70	70	75
BAA (*338)	300	41	-	-	1	-	-
	330	15	28	39	5	14	18
	360	2½	15	25	24	31	35
BAT Inds (*750)	700	65	92	113	4	22	30
	750	25	60	82	19	43	50
	800	8	37	58	55	73	80
BTR (*413)	390	27	47	57	4	11	17
	420	8	29	40	17	23	30
	460	1½	13	24	52	52	54
Brit. Telecom (*250)	240	14	20	28	2½	7	8½
	260	3	9	17	12	16	18
	280	1½	4½	8½	31	33	33
Cadbury Sch (*349)	330	24	45	50	5	12	18
	360	6	27	35	20	27	33
	390	3½	15	25	45	48	51
Guinness (*607)	600	22	52	65	13	23	30
	650	3	28	42	45	50	55
GEC (*224)	220	9	19	26	4½	9	11
	240	2	8½	17	18	21	22
Hanson (*210)	200	13	17½	25	1½	7½	9
	220	2½	7½	14½	12	19	19
LASMO (*520)	500	31	58	77	7	18	25
	550	7	32	48	33	35	40
P. & O. (*566)	550	28	57¼	68	6¼	19	28¼
	600	5½	28¼	42	36½	43¼	53½
Pilkington (*215)	200	20	27	38	3	7	9
	220	7	16	25	9	16	19
Plessey (*268)	240	30	-	-	¼	¼	-
	260	10	10	-	¼	¼	-
	280	¼	¼	¼	-	-	-
Prudential (*191)	180	14	23	26	3	6	8
	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Racal (*221)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R.T.Z. (*516)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Scot. & New (*356)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Tesco (*182)	180	7¼	17½	22½	4¼	8¼	11
	200	1¼	7¼	12¼	19½	21	23

Option		Calls Nov	Calls Jan	Calls Mar	Puts Nov	Puts Jan	Puts Mar
Abbey Nat. (*145)	140	6	14	16	3	4	6
	116	1	3	4	17	17	18
Ferranti (*57)	50	8	12	14	1½	2½	3½
	60	1½	4¼	6½	5	6½	8

Option		Calls Nov	Calls Jan	Calls Apr	Puts Nov	Puts Jan	Puts Apr
ASDA Grp. (*137)	140	8	14	20	8	11	15
	160	3	7	12	23	23	28

Option		Calls Nov			Puts Nov		
Gateway (*237)	220	-	-	-	1	-	-
	240	1	-	-	11	-	-

Option		Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
Amstrad (*50)	50	6½	10	13	5	8	9
	60	2½	6	8	12	12	15
Barclays (*465)	460	25	42	50	14	25	28
	500	9	23	32	38	51	55
Blue Circle (*216)	200	24	34	36	5	9	14
	220	12	22	25	14	18	25
British Gas (*188)	180	15	19	26	3	5½	8
	200	4	9½	16	13	19	19
Dixons (*111)	110	9½	15	20	5	8½	9
	120	4½	10	15	11	14	17
Glaxo (*1440)	1400	85	139	177	27	42	52
	1450	52	107	147	47	62	72
	1500	32	85	120	77	92	97
Hawker Sidd. (*609)	600	35	55	73	23	30	40
	650	14	32	43	57	60	67
Hillsdown (*277)	260	25	35	43	6	8	12
	280	12	26	32	14	19	22
Lonrho (*250)	240	24	28	37	8	17	19
	257	13	-	-	15	-	-
Midland Bk (*315)	300	27	35	41	7	13	18
	329	9	-	-	22	-	-
R. Royce (*162)	160	10	17	19	5½	8½	11
	180	3½	7½	10½	20	20	22
Sears (*110)	110	7	12	15	4½	7	9
	120	3½	7	10½	12	13	14
THF (*280)	260	29	42	47	4½	9	12
	280	16	30	34	13	17	21
	300	9	20	25	25	27	32
Thorn EMI (*739)	700	60	85	117	11	21	27
	750	27	55	84	35	42	45
TSB (*110)	100	12	16	19	1½	3	4½
	110	4½	8	14	7	7	8
	120	1	4	8	14	14	15
Vaal Reefs (*$92)	80	15	18	20	3	6½	7½
	90	8	13	15	6	10	12
Wellcome (*668)	650	45	75	103	22	37	43
	700	22	50	75	50	60	65

FT-SE INDEX (*2156)

	1900	2000	2050	2100	2150	2200	2250	2300
CALLS								
Nov	-	163	123	82	52	30	15	7
Dec	-	195	145	108	79	56	37	24
Jan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PUTS								
Nov	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

November 2 Total Contracts 26,977 Calls 14,846 Puts 12,131
FT-SE Index Calls 1841 Puts 7295
*Underlying security price. † Long dated expiry months

UK COMPANY NEWS

USH sets condition to back Meggitt bid

By Andrew Bolger

UNITED SCIENTIFIC Holdings, the defence contractor, said yesterday that it was prepared to recommend the £104m takeover bid from Meggitt to its shareholders – but only if the specialist engineering group declared its offer unconditional as to acceptances.

Meggitt announced on Tuesday that it had received acceptances representing 49.4 per cent of USH's ordinary shares, but warned that it was not prepared to proceed any further unless it obtained more information about USH's financial position.

USH said yesterday: "The board and its financial advisers, Samuel Montagu, find this an extraordinary posture for Meggitt now to be adopting and would remind Meggitt that it was entirely Meggitt's own choice to launch its bid without immediate prior reference to the board to seek such information as it required as a basis for an agreed offer.

"Nevertheless, the board wishes to make clear that it will be willing to provide appropriate information to Meggitt if and when it declares its offer unconditional as to acceptances and thereby demonstrates its seriousness to proceed."

Meggitt has declared its offer to be final, save in the event of a competing bid, and again extended the deadline for acceptances until 3pm today, by which time it is likely to control a large majority of USH's shares.

Yesterday Meggitt would say only that it was considering its position, but it seems likely that it will be prepared to make its offer unconditional, while retaining the right to pull out of the deal if it discovers a "black hole" in USH's books.

Mr Ken Coates, Meggitt's managing director, has said that if his company did walk away from the deal, it would be by satisfying the Takeover Panel's stipulation that there had been a "material adverse change" in USH's circumstances since the bid was launched on September 11.

Meggitt could still take that escape route even if it made its offer unconditional, but the Panel would have to be satisfied that there had been a very fundamental and unexpected change in USH's circumstances before it would allow Meggitt to back out.

Meggitt was particularly alarmed by USH's last defence document which doubled to £17m the provision made for losses in the year to September 30 at Avimo Taunton, the electro-optics plant in Somerset which has been plunged into the red by two disastrous MoD contracts for night sights.

It seems most likely that Meggitt will proceed to acquire USH, but Mr Coates is clearly anxious to allay the fears expressed in the City that his acquisitive group risks biting off more than it can chew by taking over a loss-making defence contractor at a time when the industry faces extensive rationalisation and consolidation.

Meggitt's shares yesterday closed down 1p at 87p. At that level, its partial cash alternative values each USH share at 141.6p. USH shares closed at 124p, down 3p.

See Lex

'Goldsmith factor' leaves RIT Capital net assets 7.7% ahead

By Nikki Tait

RIT CAPITAL Partners, the investment trust demerged from J Rothschild Holdings last year, yesterday reported a 7.7 per cent increase in diluted net asset value during the six months to the end of September. Over the same period the FT-A All Share Index rose 8.68 per cent.

Managers acknowledge that this was partly due to the trust's heavy exposure to the "Goldsmith factor". RIT, part of the Jacob Rothschild group of companies, holds a 24.6 per cent interest in Anglo Group, the takeover vehicle for Sir James Goldsmith and Mr Rothschild.

RIT also has smaller stakes in Hoylake, the consortium company which made a £13.5bn paper bid for BAT Industries this summer, and in Sunningdale, which was formed to acquire 29.9 per cent of Ranks Hovis McDougall.

The Anglo holding accounts for more than 10 per cent of RIT assets, which were put at £368.1m at September 30. Although Anglo shares rose strongly in July on the back of the BAT bid, they gained only five per cent over the six month period.

At the end of the period fully-diluted net assets per share stood at 144.5p, compared with 134.2p six months earlier and 107p at the end of September.

RIT said that by September 30 about 54 per cent of its portfolio was in quoted equities, 27 per cent in unquoted stocks, 12 per cent in fixed interest and 7 per cent in properties.

The trust's stake in Eurotunnel was sold during the period for £21.8m, having been valued at £17.5m at end-March. The valuation of the holding in GPA had risen to $30.6m, compared with $20m six months earlier, reflecting the price at which GPA's recent rights issue was completed, RIT said.

During the six months RIT showed a net profit of £3.82m (£1.18m). Investment income totalled £8.77m (£1.86m) but dealing activities made a loss this time of £357,000. Interest payable rose to more than £2m, against £6,000. Earnings per share were 1.9p (0.6p) or 1.5p (0.5p) diluted.

RIT bought in £1.9m nominal of convertible unsecured loan stock for an aggregate consideration of £2.3m.

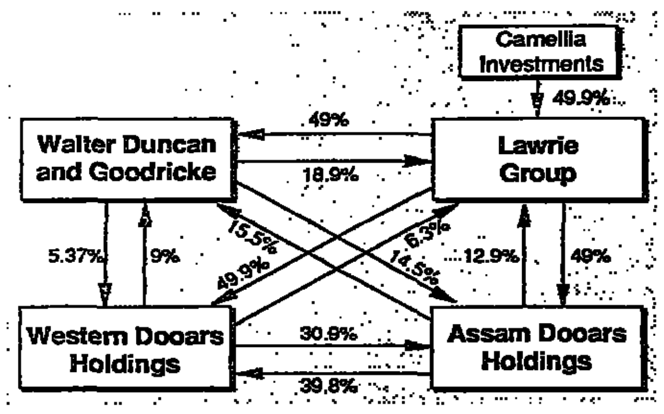
Lawrie reorganisation goes on

By Clay Harris

LAWRIE GROUP, a tea plantations holding company, is to proceed with plans for a corporate reorganisation even though the Stock Exchange has cancelled its share listing and those of three related companies.

The listings of Lawrie, Western Dooars Tea Holdings, Assam-Dooars Holdings and Walter Duncan & Goodricke were cancelled on Wednesday. Matched-bargain trading will be allowed under Rule 535(2) only until March 30 1990.

Lawrie, the largest of the four companies, reported pre-tax profits of £2.67m on turnover of £14.2m in 1988. Before the cancellation, its market capitalisation was £73.1m.



Mr HK Fitzgerald, Lawrie chairman, said his company planned to bid for the outstanding shares in the other three and to cancel the shares others held in Lawrie and in each other. Lawrie intends to make the offer within two to three months.

The same proposal had been put to the Stock Exchange, he said, in an effort to overcome its concern about the companies' substantial cross-shareholdings and the insufficient number of shares in public hands.

Camellia Investments, another London-quoted company and Lawrie's main shareholder, had indicated its willingness to support the plan provided its own listing was not jeopardised.

The exchange ruled, however, that because Camellia would rely on the enlarged Lawrie for 70 per cent of its income, the two quotations would run foul of its policy against "mirror listings." This prohibits the listing of two or more companies whose market value and income stream arise from substantially the same set of assets.

Lawrie's appeal on the grounds that Camellia had other substantial interests, primarily two West End art galleries and collections of stamps and historical documents, was turned down.

The Stock Exchange also said that even if Camellia or Lawrie secured a quotation on an overseas exchange, the other would not be allowed to retain its London listing.

Mr Fitzgerald said yesterday that Lawrie's long-term intention was to seek a re-listing once a change of circumstances permitted.

Assam-Dooars and Western Dooars hold investments in Indian tea companies, while Lawrie's tea activities also extend to Bangladesh and Malawi. It also has interests in fish farming and holds 34 per cent of Eastern Produce (Holdings), 13 per cent of Ruo Estates (for which Eastern Produce has made an agreed bid) and 25 per cent of British Mohair Holdings.

Walter Duncan & Goodricke started as the London secretary and agent for Indian tea plantations. Its main business now is the Duncan Lawrie financial services group.

Eastbourne Water advises no action on Chase offers

By Andrew Hill

EASTBOURNE Water Company has become the second statutory water company to react sharply to an offer for its irredeemable preference stock from Chase Investment Bank.

Chase confirmed yesterday that it was making offers for irredeemable preference stock in 12 of the UK's 29 statutory water companies. It has written primarily to private shareholders, but has also contacted some institutions.

In a letter to shareholders Eastbourne said it was having discussions with controlling shareholder SAUR Water Services, a subsidiary of Bouygues, the French construction group, about alternative proposals for the 2.8 per cent (formerly 4 per cent) irredeemable preference stock. It advised them to take no action.

Chase, which said it is acting on its own behalf in all cases, is offering to buy the stock at par value of 500p a share.

The bank again denied that it had any hidden motive. in bidding for the stock.

Chase said the 12 water companies in which it wished to invest were not the same as the 12 controlled by French suppliers, but would not say which other statutory companies it had approached.

The statutory water companies have the option of converting to public limited company status and shedding dividend restrictions if they can win shareholder approval. Conversion could be blocked by an investor holding more than 25 per cent of any class of stock.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Brit Borneo Pet ....int	8	Dec 15	8	-	24
British Inv Tst ....int	9	Jan 5	8.5	-	20
Burtonwood ....int	0.7	-	0.7	-	3.55
Low (Wm) ....fin	4.4	Jan 5	3.833*	6.5	5.667*
MMT Computing § ....fin	1.65	-	1.1	2.45	1.7
MY Holdings ....fin	0.55♣	Dec 8	1.5	0.55	2.05
Smart (J) ....int	4.65	Dec 18	4.2	6.4	5.8
Thorpac § ....int	0.6	Dec 8	0.333	-	1.166
Warnford Invs ....int	2.5	-	2.25	-	6
Westbury ....int	3.25	Jan 17	3	-	8.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ♣For eight months.

$1bn bid for SeaCon extended

By Andrew Hill

Tiphook, the UK container rental company, and Stena, a private Swedish ferry operator, have extended their hostile $1.02bn bid for Sea Containers until November 20.

The offer was due to close today in New York. But Sea Containers shareholders are still waiting for a formal filing to the Securities and Exchange Commission which would explain in detail the ferry and container group's recapitalisation plan and financial projections.

On Tuesday, Sea Containers unveiled a $1.1bn asset disposal programme aimed at funding a $70 per share tender offer for half its own shares to fight off the $63 per share bid.

Following disposals, Mr James Sherwood, Sea Containers' president, should have about $120m in reserve to defend against any increased offer from Stena and Tiphook. That raises the bizarre prospect of the target attempting to outbid the predators for its own shares.

About 2.9m common shares have been tendered to the Anglo-Swedish bid so far, representing about 21 per cent of Sea Containers' undiluted share capital.

MY Holdings £631,000 in the red as costs bite

By Gary Evans

GREATER THAN expected relocation and restructuring costs at two subsidiaries led to a pre-tax loss of £631,000 at MY Holdings for the eight months to August 31.

MY is the packaging and consumer goods concern which was taken over last year by Malbak, the South African industrial group and its subsidiary Abercom.

The loss compared with a £3.81m profit for the previous 12 months. At the pre-interest level, profits showed a sharp decline from £4.16m to £178,000. Net interest took £809,000 (£344,000) and losses per 10p share came out at 1.28p (earnings 6.31p).

MY declared a single dividend of 0.55p for the period, against total payments of 2.05p for the 12 months of 1988. Following the change of year-end, it expects in future to pay an interim in June of each year and a final in December.

Mr Paul Marks, chairman, pointed out that turnover in the eight months at £37.42m (£49.56m for 12 months) was similar to the comparable period last year, indicating only a slight fall in volume.

He reminded shareholders that at the annual meeting in May, he had warned that the relocation and restructuring of MY Sports & Games and MY Crescens Bushill was having an adverse effect on profits.

In the event, he said the effects were greater than anticipated, because of increased spending on the project and difficulties in re-establishing the skills of the relocated businesses.

Profitability in the period was also reduced at MY SharpInterpack, where consumer concerns relating to health matters in the food industry caused a decline in demand for its products during a period when significant advances had been planned.

Extraordinary net losses of £513,000 (£1.44m profits) mainly resulted from the concentration of the MY Crescens Bushill business in Coventry and the MY Sports & Games relocation, together with the cessation of the plastics recycling business formerly carried out by MY Sharp Interpack.

● Abercom, the South African industrial holding company which has as its sole interest an 86 per cent indirect stake in MY, yesterday reported a pre-tax loss of R4.92m (£1.18m) for the year to August 31 (R10.18m profit for previous 14 months).

UK COMPANY NEWS

A young Taylor with a flair for textiles

Alice Rawsthorn profiles the man in charge of one part of the demerged Courtaulds

FROM TIME to time the glossy business magazines run roll-calls of the bright, young hopes of British industry and Martin Taylor almost always appears.

Mr Taylor has spent the past three years as a director of Courtaulds, the international industrial group, grappling with the challenge of restructuring its textile interests in an intensely competitive climate. Now, at the age of 37, he faces a new challenge.

This week Courtaulds announced its intention to spin off its textile interests as a separate company. Mr Taylor, as chief executive, is preparing Courtaulds Textiles for its new life as an independent entity.

In many ways Mr Taylor is an improbable person to be running one of Europe's biggest textile groups. He looks much too young to be the chief executive of a publicly quoted company with sales of almost £1bn and a workforce of 31,000. And his background – Eton, Oxford and an early career as a journalist – is rather incongruous in the dark, satanic world of textiles.

The textile industry was the last place he expected to spend his career. He was born in Lancashire – the historic heartland of textiles – but his only family connection with the local industry was a great-grandfather who owned cotton mills. When he went up to Oxford to read Oriental Languages in the early 1970s, the murky world of mills and manufacturing seemed a long way away.

He remembers visiting an aunt and uncle in the Midlands while he was an undergraduate. The UK economy was reeling after the first oil price crisis and his uncle was struggling to save his knitwear business from bankruptcy. "Whatever you do, Martin, do not go into knitwear," said his uncle. Mr Taylor remembers thinking that nothing was less likely.

After Oxford he joined Reuters, working in Paris and Frankfurt. He then spent four years at the Financial Times, where he is remembered for looking improbably boyish and being "very, very clever". "So clever," said one former colleague, "that he could scarcely speak quickly enough to catch up with his thoughts."

As head of the FT's Lex column, he became increasingly interested in the problems of large industrial groups as they struggled to recover from recession. In 1982 Sir Christopher Hogg, chairman of Courtaulds who had admired his writing, offered him a job. Mr Taylor accepted.

He spent his first year working in Sir Christopher's office at Hanover Square in London and then moved into the group's clothing division. Four years later, at 34, he joined the main board as managing director of the textile division.

When he joined Courtaulds it was emerging from the recession of the early 1980s. Courtaulds traces its roots to a small silk mill in the early 1800s, but the foundations for the group of today were laid in the 1960s under the chairmanship of Lord (Frank) Kearton.

Martin Taylor: Advised by his uncle not to go into knitwear

Lord Kearton is a legendary figure in British industry. He bullied his managers and bellowed at trade unionists. He envisaged Courtaulds as a company encompassing every area of textiles. So he bought businesses and opened new plants all over the country.

His vision saved Courtaulds in the 1960s but almost destroyed it in the 1970s. Sir Christopher Hogg has spent his chairmanship restructuring the group. His achievement in making its traditional interests less vulnerable to cyclical slowdowns and introducing Courtaulds to more dynamic areas of activity is now cited as a model of modern management.

Sir Christopher is also seen as one of Britain's most thoughtful industrialists. One of the ironies of his work at Courtaulds is that, while his strategic approach to management is so admired, textiles is not the sort of industry that lends itself to strategy.

Textiles is an emotional trade that tends to attract egomaniacs and entrepreneurs. A sudden swing in exchange rates, or a hike in hemlines can scupper the most thoughtful of strategies. Mr Taylor revels in it. "The business is great fun, a very human industry which moves very quickly," he said. "You simply cannot afford to make mistakes."

Shortly after he took over Courtaulds' textiles interests the industry slid into another cyclical slump. Courtaulds reacted swiftly. It has lost over 4,000 jobs since the start of last year, but has been rather more resilient than many of its competitors.

Mr Taylor said he draws "great confidence" from Courtaulds' resilience and its confidence in expanding its textile interests. It has spent more than £200m on acquisitions. The sort of businesses it has bought – often international and always involved with value-added products – are illustrative of the sort of company he intends to create for the future.

The acquisition of a number of lace companies in France, the UK and the US last year is an example of Courtaulds' strategy at its most imaginative. The lace industry has traditionally been fragmented between hundreds of family firms. But the introduction of new technology – and the existence of an international customer base in the multinational lingerie groups – offers an opportunity for large, cash-rich companies to steal a competitive advantage.

Courtaulds Textiles spotted – and seized – the opportunity. Its lace acquisitions have enabled it to create a new, highly profitable product sector on an international scale.

The climate in the UK textile industry is still intensely competitive. But Sir Christopher Hogg is convinced that the time is right to split the group's textile and chemical interests into two independent businesses.

The restructuring of the 1980s has ensured that the two sides of Courtaulds are already run separately. The disciplines of a labour-intensive, consumer-oriented business like textiles are so different to those of a capital-intensive, internationalist industry like chemicals. He is convinced that the two companies will be better off apart.

Mr Taylor said that the demerger will make "very little difference" to the day-to-day running of the business. Nor does he expect it to affect long-term strategy. He does, however, expect to see changes in the culture of the company.

He is convinced that the demerger will "sharpen up" Courtaulds Textiles in that it will lose the security of belonging to a bigger group. Although he is also concerned that the strict disciplines instilled by the Courtaulds group might slacken.

"Everyone in the company must do everything they can to make sure this does not happen," he said.

Guernsey Press urges Guiton to withdraw hostile bid

By Andrew Hill

GUERNSEY Press, the newspaper and publishing company, yesterday said it was astonished that Guiton Group, the publishing group on nearby Jersey, had extended its hostile bid for the company and called on Guiton to withdraw.

Guiton, which owns the Jersey Evening Post newspaper, announced that it had received acceptances or already owned shares representing 4.6 per cent of Guernsey's capital. It extended its offer until November 15.

Mr Frank Walker, Guiton's managing director, said he was encouraged by the initial expressions of support for the merger proposals. He added that it was not unusual to achieve lower levels of acceptances at the first closing date of a hostile bid. But Guernsey described the level of support as pitiful.

Mr Chris Sackett, managing director of Guernsey, founded in 1897, said yesterday: "This is unlike a big bid in the City where you are dealing with sophisticated investors. We have one institutional investor in the form of 3i, the venture capital group, which owns about 20 per cent, and the rest are individuals, in some cases the great-grandchildren of the founding shareholders."

Shares in both Channel Islands companies are traded on a matched bargain basis and Guiton's all-share offer currently values Guernsey at about £15m.

Mr Walker said: "We continue to get a very positive reaction to the proposals we have put forward, throughout the islands."

At the first closing date, Guiton had also received valid, but incomplete, acceptances representing 0.5 per cent of Guernsey's capital. Some 0.5 per cent of Guernsey was already owned by parties acting in concert with Guiton.

Fenner 'not seeking' to pursue Armstrong

By Clay Harris

JH FENNER (Holdings), the power transmission and conveyor belting company, said yesterday it was not seeking at present to pursue further contact with the board of Armstrong Equipment, the fasteners manufacturer resisting a £96m bid from Caparo Group.

Fenner, which has paid as much as 190p per share for its 6.32 per cent in Armstrong, said there had been contact between it and Armstrong and the two companies' advisers in recent months. It said, however, that it had not put terms to Armstrong about a possible offer for the group.

The statement, made at the request of the Takeover Panel, followed remarks by Mr Peter Barker, Fenner chairman, on Wednesday. He said his company was attracted to Armstrong's fasteners as a product for Fenner's distribution network. Fenner's interest in Armstrong had begun only after the latter sold its automotive suspension business.

Armstrong shares closed unchanged at 177p, compared with Caparo's 180p cash offer.

British Investment Trust nav at 802p

British Investment Trust increased net asset value per share to 802p at the end of the six months to September 30, up from 724p at March 31. Total group net assets rose to over £500m. Mr Colin Barker, chairman, warned that the second half could prove to be more difficult.

The interim dividend is raised to 9p (8.5p) payable from earnings per share of 11.88p (10.39p).

Budgen sells Charbonnel Et Walker

By Lisa Wood

Budgen, the supermarket group, has sold its Charbonnel Et Walker confectionery business for an undisclosed sum. The purchaser, Mr Allan Blacher, a marketing consultant, is backed by a City Institution.

Charbonnel Et Walker manufactures its own chocolates and has one shop in Old Bond Street, London, and a hand-made box manufacturing business. It had sales last year of about £1.25m. It has been unprofitable for some time.

When the intended sale was announced early this year Budgen was understood to be looking for a purchase price of between £1m and £2m. Budgen then said that it was selling the business because it did not fit in with its supermarket operations and the scale of the business was inappropriate.

Housebuilder predicts reduced annual profits as margins suffer

Westbury restricted to £18.2m

By Ray Bashford

WESTBURY, the Cheltenham-based housebuilder, was restricted to pre-tax profits growth of 8 per cent during the six months to August 3 as rising mortgage interest rates made trading conditions increasingly difficult.

Profits rose to £18.17m compared with £16.86 in the previous corresponding half. The company is expected to report a small decrease in the full year result.

Westbury last year returned annual pre-tax profits of £36.28m, following a £19.48m second half contribution.

Mr Richard Fraser, chief executive, said that operating margins were at 23 per cent during the first half but that they would contract to an average of about 20 per cent for the year.

"The recent increase in interest rates and the consequent uncertainty about the state of the market is undoubtedly reducing the confidence well into 1990," he said.

"As a result we are now experiencing downward pressure on trading margins and this, together with the uncertain volume of sales, will make it difficult to achieve the same level of profits in the second half of the year," he added.

Turnover, derived from 1,101 house sales compared with 1,216 last time, was £93.79m (£76.03m).

Mr Fraser said the company's relatively broad geographic spread across six regions, covering 23 counties in England and Wales, would provide insulation from possible downturns in specific areas, such as that which has taken place in the south-east of England.

Earnings per share dipped to 23.72p (26p). The interim dividend rises to 3.25p (3p).

● **COMMENT**

If further evidence is needed of the problems being faced by housebuilders, Westbury provides it. The increases in interest rates have brought an abrupt halt to the company's string of sparkling results and even if mortgage rates remain at their present level it is difficult to see how it will regain the momentum shown since its stockmarket debut in 1986 for at least 12 months. There is no doubt that pre-tax profits will fall this year and operating margins, which have already slipped, will be under intensified pressure. In spite of these difficulties, Westbury appears much better placed than many of its competitors to ride out the storm. An astute management has been able to develop a land bank with an average plot price of £18,000, leaving ample scope for profits while average sale prices remain at about £80,000. Although Westbury remains a one-product company, its geographic spread will help offset the impact of downturns peculiar to certain regions. Analysts are forecasting annual pre-tax profits of £31m, placing the shares on a prospective p/e of 4.3. This is below the sector's average and makes the shares worthy of a closer look the instant there are indications of a recovery in the housebuilding market.

Psion funds expansion with £4.8m cash call

By Alan Cane

PSION, the USM-quoted microcomputer manufacturer best known for its Organiser electronic notebook, is raising a net £4.8m through a rights issue to finance substantial expansion during 1990 and 1991.

The company is issuing up to 1.99m new shares at 250p, provisionally allotted on a 1-for-10 basis. The issue has been fully underwritten by Charterhouse Bank, Psion's financial advisers.

The company lifted revenues 76 per cent to £14.2m and profits 58 per cent to £1.63m in the first half of the current year, chiefly from sales of the Organiser range. It recently launched a family of laptop or mobile personal computers which are said to have provoked an enthusiastic response from distributors and the computer trade press. First deliveries are expected this month.

Mr David Potter, Psion's founder and managing director, said yesterday that the new funds would be used to provide working capital as the company expanded to take advantage of the opportunity offered by the demand for laptop computers.

He had been heartened by the reaction to the new machines and believed there would be substantial market in 1990 and 1991.

The shares closed 1p down at 287p after fluctuating between 280p and 290p.

Ecclesiastical

Ecclesiastical Insurance Office pre-tax profits for the half year to August 31 fell from £4.24m to £4.02m. Net premiums from general business were £30.64m (£27.62m) and from life business £16.64m (£10.18m).

Unilever

Unilever's US subsidiary, Cormix Inc, has acquired the assets of Gifford Hill Chemical Company. Terms of the transaction were not disclosed.

CEI acquires US instrumentation group for $5m

By Andrew Bolger

CAMBRIDGE Electronic Industries, the component and instrumentation group, plans to buy a US manufacturer of infrared detectors and calibrated radiation sources.

CEI's US subsidiary has agreed to buy the business, based in Orlando, Florida, from the Rospatch Corporation of Michigan for $4m (£2.55m) cash, plus the assumption of a loan of $1m secured against its premises.

The purchase includes the trading name Infrared Industries. The business will continue to operate from Orlando. Last year its sales were $3m, which produced a trading loss of $654,000 before corporate charges.

CEI said that during this year certain loss-making parts of the business had been disposed of by Rospatch, leaving it to acquire the growth areas.

Infrared Industries' net tangible assets were valued at $3m at June 30. It is estimated that sales this year will be $2.8m and profits $100,000. The order book is worth $3.5m.

CEI said this acquisition, which is subject to approval by the US Government, reinforced its strategy of creating an international presence in this specialist area of instrumentation.

The business being acquired was directly related to the products and markets of Infrared Associates, of New Jersey, which CEI bought in September 1988.

Both companies would have access to the European markets through Infrared Associates of Newmarket in England, which CEI established recently.

GPA climbs to $114.8m and sees further growth

By Kieran Cooke in Dublin

GPA, the world's leading aircraft leasing company, announced after-tax profits of $114.8m (£73m) for the six months to September 30, a 60 per cent increase on the same period last year.

The private company, based at Shannon in the Irish Republic and headed by Mr Tony Ryan, the Irish businessman, made profits of $152m in 1988-89. Mr Maurice Foley, president, said the group expected similar strong earnings growth in the second half. Analysts are forecasting full-year profits of between $225m and $235m.

Mr Foley said the leasing market was continuing to grow. "A weakening in the US domestic and European charter markets has been more than compensated by very strong growth elsewhere, particularly in Asia."

The recent collapse of the United Airlines buy-out did not mean that the banks no longer had confidence in the airline business. The market response to recent GPA equity and debt offerings had been very encouraging. "This provides solid evidence of the support we enjoy from financial institutions worldwide in moving ahead with our carefully planned growth."

GPA has more than 200 aircraft leased to 64 airlines in 33 countries. Earlier this year it announced what was described as the biggest order in civil aviation history of more than 300 aircraft worth $17bn.

GPA's main shareholders include Air Canada, Aer Lingus, Irish Life Assurance, Mitsubishi and Prudential Insurance of America. Through successive rights issues Mr Ryan has retained an 8 per cent stake.

Brokers in Dublin say that in terms of capitalisation GPA is Ireland's biggest company, with a value of $3.6bn. Mr Foley said the group continued to examine the possibility of going public. "However at present we are not constrained by being private and see no need to go to the market."

Sir John Harvey-Jones, former ICI chairman, is to become deputy chairman of GPA. Sir John has been a GPA director for the past two years.

Godfrey Davis buys Co-op Laundries

By Clare Pearson

GODFREY DAVIS Holdings, the car dealing and laundry group, has acquired the Co-operative Laundries Society for about £11.35m cash.

The acquisition adds a further leg to Godfrey Davis' textile maintenance division and will give it a presence in County Durham, Northumberland and North Yorkshire, where it currently has no processing capacity.

Further sums for Co-operative may be paid following the reconciliation of certain revenues and costs arising in the period January 15 to October 31 this year, but these are not likely to be material.

Co-operative made pre-tax profits of £1.45m on sales of £6.2m in the 52 weeks to January 14. The company provides workwear rental, linen rental, laundry and dry cleaning services.

On Tuesday, Godfrey Davis completed the purchase of the Practical Uniform Company, a maker of industrial clothing, for an initial £5.6m.

Musterlin brightens rights issue despondency

By Clay Harris

Musterlin Group, the USM-quoted publisher and book packager, yesterday brought a rare ray of sunshine to the gloom surrounding rights issues, when it disclosed that two thirds of its £3.6m cash call had been taken up.

There was also good news for shareholders who did not subscribe because the balance of the issue was sold in the market at a small premium – 1.5p per share after expenses – which they will receive subject to a 250p minimum.

No shares were left with underwriters.

The directors' entitlements, 40 per cent of the shares on offer, had been placed firmly with institutional investors, and another 26.5 per cent were taken up by other shareholders.

Musterlin's shares traded yesterday at 165p, compared with the 160p rights price and the 187p at which they closed on October 11, the day the rights issue was launched.

Adwest pays £10.1m for US expansion

By Andrew Bolger

Adwest Group, the diversified engineering and property group, yesterday announced that it had paid £10.11m for Abbott Transistor Laboratories, a private Californian company.

Abbott, based in Los Angeles, is engaged in the design and manufacture of electronic power supply units for the defence and aerospace industries and exports 20 per cent of its sales. It made pre-tax profits of £1.59m on turnover of £9.75m in the year to end-June.

Adwest said the acquisition would complement the group's existing activities in military electronic supply units at its MPL subsidiary in Ashford, Kent, and would further Adwest's strategy of expanding its international sales.

Adwest paid the vendors £9.48m cash and £630,000 by the issue of 365,192 Adwest shares. At a cost of £760,000, it has also paid Mr John Batte, Abbott's founder, former chief executive and majority shareholder, for a covenant not to compete with Abbott.

J Smart rises 56% to £3.14m

By Nigel Clark

J SMART & Co (Contractors) reported pre-tax profits up from £2.01m to £3.14m, a rise of 56 per cent in the year to the end of July. The result was in line with expectations at the time of the interim results.

Mr John Smart, chairman of the Edinburgh-based building contractor and developer, said that most of the increase had come from higher rents and the investment side of the business with a contribution from contracting. The housebuilding side was little changed.

There was also an exceptional credit of £425,000 from the sale of land.

Last time there was an exceptional £235,000 relating to the settlement of an outstanding contract.

Profits before exceptional items rose 53 per cent to £2.72m (£1.78m).

On prospects for the present year Mr Smart said he preferred not to comment until he had a better idea of how the year was going.

Turnover was slightly higher at £12.95m (£12.57m). After tax of £1.05m (£725,000) profit attributable to shareholders was £2.09m (£1.83m) for earnings per share of 20.74p (12.75p).

The recommended final dividend is raised to 4.65p (4.2p) for a total payment of 6.4 (5.8p), which will absorb £319,000 (£289,000).

The shares rose 9p on the day to close at 179p.

MMT Computing shows advance to over £2m

PRE-TAX profits at MMT Computing, a USM-quoted computer systems consultant, rose 32 per cent in the year to August 31.

And the directors said that there were many opportunities which could assist progress with the company being almost fully sold and having a good forward order book.

On turnover of £7.44m (£5.96m) profits were £2.15m, against £1.63m. Operating profit came out at £1.8m (£1.45m) and there was an increased contribution from investment income of £372,000 (£118,000).

There was also a share of profit of an associate of £77,000 (£72,000).

The company considered that Quotient, in which MMT's interest has been increased to 7.85 per cent since the year end, was a good long-term investment opportunity.

A final dividend of 1.65p is proposed making 2.45p (1.7p) for the year. Earnings per share were 12.8p (10.1p).

Thorpac more than trebled at £0.9m

Thorpac Group, the USM-quoted marketing and distribution concern, achieved a sharp increase in pre-tax profits in the six months to September 30. The taxable result climbed from £241,000 to £901,000 on turnover more than doubled from £4m to £8.31m.

The company said that the two acquisitions in the period – Avon Tin Printers acquired in April and JTS in July – had contributed to group profits. Earnings more than doubled to 2.3p (1.1p) and the interim dividend is increased 80 per cent to 0.6p (0.333p).

British Borneo over £1m midway

British Borneo Petroleum Syndicate returned to profits growth in the six months to September 30 with a 16 per cent advance from £943,248 to £1.09m.

For the year to March 31 net earnings had slipped from £1.66m to £1.53m.

The interim dividend is maintained at 8p and the final dividend is expected to also be maintained at 16p.

Investment income rose from £940,239 to £1.04m and from oil and gas production from £3,608 to £12,468.

PUBLIC WORKS LOAN BOARD RATES

Effective November 1

Years	Quota loans repaid by EIP†	Quota loans repaid A††	Quota loans at maturity§	Non-quota loans B* repaid by EIP†	Non-quota loans B* repaid A††	Non-quota loans B* at maturity§
1			13½			14¼
Over 1 up to 2	13¼	13¼	12¾	14⅛	14⅛	13
Over 2 up to 3	12½	12½	11⅞	13½	13½	12⅝
Over 3 up to 4	12	12	11⅝	13	13	12⅜
Over 4 up to 5	11⅝	11⅝	11⅝	12⅝	12⅝	11⅝
Over 5 up to 6	11⅜	11½	11⅜	12⅜	12	11⅞
Over 6 up to 7	11⅜	11⅜	11	11⅞	11⅝	11½
Over 7 up to 8	11¼	11¼	11	11¾	11⅝	11½
Over 8 up to 9	11¼	11⅜	10¾	11¼	11⅝	11¼
Over 9 up to 10	11⅛	11⅛	10⅝	11⅝	11⅝	11⅛
Over 10 up to 15	11	10¾	10¼	11½	11⅛	10¾
Over 15 up to 25	10⅜	10⅛	10	10⅞	10⅝	10½
Over 25	10	9⅞	9⅞	10½	10⅜	10⅜

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest) § With half-yearly payments of interest only.

NEWS DIGEST

Two deals by Evans Halshaw

EVANS HALSHAW, the multi-franchised vehicle distribution group, has completed two agreements affecting its vehicle management division.

It has acquired Lombard North Central's 75 per cent stake in Evans Halshaw Financial Services, making that company a wholly owned subsidiary. Consideration was £75.

The company has also entered into arrangements with Swan National Leasing, the vehicle leasing arm of TSB, under which about one third of Evans' managed vehicle fleet is to be sold to Swan, and the basis for future contract hire business in a co-operative venture established.

Swan is to pay £4.4m for the goodwill. The assets disposed of have an estimated nil net book value. Mr Geoffrey Dale, chairman, said that the assets formed part of a larger operation and it was difficult to be precise as to their profitability, but such profit last year were estimated at about £400,000.

Gresham House nav at 741p

Gresham House, an investment trust, reported net asset value of 741p at June 30, against 715p six months earlier.

In the first half of 1989 net profit was £270,000 (£323,000) for earnings per share of 5.8p (6p). An interim unchanged dividend of 3p is declared.

Amstrad shares sold to finish medical unit

The Alan Sugar Foundation disposed of 500,000 ordinary shares in Amstrad, the computer company, in order to provide sufficient cash to enable completion of a new intensive care unit at the Rubens Old People's Home in Ilford, Essex, currently being built and paid for by the foundation.

With the disposal at 74p per share, the foundation no longer holds any interest in Amstrad. In May Mr Alan Sugar, Amstrad chairman, transferred 500,000 ordinary to the foundation, of which he is a trustee, along with Mr NF Shearman.

Mr Sugar's beneficial holding in Amstrad is now 248.53m shares (43.7 per cent) and Mr Shearman's is 58,330. Mr Shearman holds a non-beneficial interest in 745,000 ordinary.

Modest setback for Warnford

Warnford Investments, a property investment group, reported taxable profits of £3.11m for the six months to June 24 1989.

The outcome, a decline of some 6 per cent on the comparable £3.25m, came on gross rents and service charges of £5.03m (£4.48m).

The interim dividend is raised from 2.25p to 2.5p, payable from earnings of 5.26p (5.6p restated) per 5p share.

Disposals help Dunloe House

Dunloe House, the Irish property investment and development company, reported pre-tax profits of I£266,513 (£244,500) for the half year to June 30, compared with a loss of I£11,348.

The directors said the results reflected a continuing programme of property disposals in London and Dublin which were not compatible with investment policy and did not offer development potential.

Turnover rose from I£277,085 to I£1.58m and after tax of I£131,513 (I£28,319), earnings per share were 0.8p (0.2p).

I£3.4m acquisition for Woodington

Woodington, the Irish shell company into which Mr Phil Edmonds, the former England cricketer, injected his business interests, is to buy the Imperial Hotel in Cork for I£3.4m (£3.1m).

The deal will be financed partly by cash and partly by the issue to the vendors of I£1.6m of redeemable convertible secured loan stock.

Woodington is also proposing to raise I£1.25m by way of a rights issue of I£1 of loan stock for every 13 ordinary shares. The issue price is I£1 (90p).

Burtonwood lifted by property sales

By Lisa Wood

Burtonwood Brewery yesterday reported pre-tax profits of £2.66m for the half year to September 30, an increase of some 26 per cent on the comparable period in 1988. The result included profits of £650,000 from property sales, up from £261,000 last time.

Mr Graeme Dutton-Forshaw, chairman of the Cheshire-based brewery, said: "The new brewhouse and development of our retail estate will provide significant benefits in the future."

Turnover was £19.95m compared with £17.68m.

Earnings per share were 8.1p, against 6.4p, and the interim dividend is maintained at 0.7p.

COMPANY NEWS IN BRIEF

ADAMAS INDUSTRIES' offer for RW Toothill had received acceptances in respect of 364,079 ordinary (52 per cent) by 3pm on November 1.

AMI HEALTHCARE is buying Beechwood Private Clinic (Ancillary Services) for £2.75m in cash and loan stock. Beechwood, a privately held company, owns a 45-bed private clinic in south Sheffield. It also owns a 6.5 acre site with planning permission for a 60-bed private acute care hospital in central Sheffield.

BOLTON GROUP incurred a loss before tax of £538,000 (£574,000 loss) in the year to April 30 1989 on much reduced turnover of £3.42m (£6.92m). The loss per share, after tax of £3,000 (nil), was 5.91p (6.27p). There was an extraordinary charge of £590,000 (nil) relating to costs incurred in closures of textile and clothing subsidiaries. Negotiations are under way for the sale of the leather division.

BROMLEY PARK has acquired another West Midands company – Mike Smith Designs, designer and manufacturer of traditional lighting systems. The transaction, via a management buy-in, was underwritten by Lloyds Development capital for £1.25m. Further acquisitions are planned.

BOUSTEADCO SINGAPORE, part of the Boustead group, has agreed to acquire the W H Brennan Group from Elders IXL. The purchase price of S$9.52m (£3.1m) is to be satisfied by a rights issue of 8.26m Bousteadco shares on the basis of one new ordinary share at S$1.15 for every three held. Shareholders' approval for the acquisition and rights will be sought at an extraordinary general meeting.

CAPITA GROUP has sold the name and goodwill relating to certain contracts of PSC, its temporary placement subsidiary based in Birmingham, to the former management for £250,000 cash. Some £100,000 of this was paid on completion. The balance will be paid in instalments up to March 31 1990.

COOPER (FREDERICK) has acquired Swinton Ironmongery for a maximum £1.63m cash. In the year to December 31 1988 Swinton achieved consolidated pre-tax profits of £339,000 (after adjustment for non-recurring management charges) on turnover of £5.89m. Net assets at end-December amounted to £983,000.

COMMUNITY HOSPITALS has entered into a contract to purchase the combined Cottingley Hall and Cottingley Gardens nursing homes, in Yorkshire, for £2.4m in cash.

DELANEY GROUP has sold the long leasehold interest of Christie's Panel Products wholly owned subsidiary in the new factory of Portbury near Bristol for £3.93m in cash. Christie's has entered into a 25-year lease of the premises at an annual rental of £370,000 subject to five yearly reviews. The sale and leaseback will give rise to an extraordinary profit after tax, of about £400,000.

HARRISON INDUSTRIES has acquired Deelays (Castings), a manufacturer of iron castings, for £950,000. The consideration comprises £150,000 cash and £600,000 secured loan notes together with the issue of up to £123,456 ordinary shares to the vendors. The value of the assets acquired is about £500,000.

HUGHES (HT) subsidiary, HT Hughes and Sons (Garage), is disposing of its 75 per cent stake in HTH Commercials to a new company Markforge Services. Markforge is 70 per cent owned by Mr R Gregory, who currently owns 25 per cent of, and is the director of HTH Commercials. Consideration is £120,000 cash, plus repayment of a £144,000 loan.

KEYSTONE INVESTMENT net asset value at September 30 year end was 471p (355p). Pre-tax profit was £2.06m (£1.93m) and earnings per 50p ordinary 11.01p (10.29p) after tax of £487,000 (£461,000). Proposed final dividend was 7p (6p) making 10p (8.5p).

MERGER CLEARED: The Trade Secretary has decided not to refer to the Monopolies Commission the proposed acquisition by Polly Peck International of the assets of RJR Nabisco, namely the Del Monte fresh fruit business.

NEW IRELAND Holdings: Return on investments attributable to shareholders I£402,000 (I£794,000) for the six months to end-June. Extraordinary credit I£591,000 (nil). Earnings per 10p share 6.03p (10.23p). Interim dividend 3p (nil).

NEWMARK (LOUIS): McMurdo, a member of the Louis Newmark Group, has acquired for a maximum of £1.1m the PCB connector interests of Dowty Interconnect, a division of Dowty Electronic Components, a member of Dowty Group. Some £700,000 is payable in cash on completion on November 11. Further cash payment to a maximum of £400,000 will be due following agreement between the parties on the valuation of the assets, expected to be about £900,000.

RALSTON INVESTMENT Trust's interim results for period from April 1 1989 to September 30 1989 revealed pre-tax profits of £500,000. Net asset value per share was 91.6p and earnings, after tax of £133,000 were 1.53p per 25p ordinary. Total revenue was £674,000.

STYLO has concluded arrangements to replace certain existing loans through the issue of a new £30m 11.5 per cent debenture stock fixed for 25 years.

TEMPLETON, GALBRAITH & HANSBERGER reported total assets under management for the third quarter to September 30 1989 at $16.86bn (£10.68bn) against $15.11m at June 30 1989.

Correction

Unigroup

Unigroup's clothing division lost £38,000 before tax in the year to June 30, against a profit of £72,000 (£144,000 from continuing activities) in 1987-88. The figures were incorrectly reported in Wednesday's edition.

Keen to be in a position to give people what they want, rather than what we think they should have, we've conducted some imaginative research over the past two years.

It threw up a number of real needs among the viewing public.

One of them was for a channel devoted to sport, sport and nothing but sport.

Not content to plan a sports channel, at British Satellite Broadcasting, we set our sights on laying the foundations of what we trust will become The Sports Channel.

Given that line of thinking, it wasn't long before Bryan Cowgill's name cropped up.

Can you imagine life without Grandstand, Match of the Day and Sportsnight – all launched by Cowgill.

Can you, perhaps, actually remember life without them?

If so and you take your sport seriously, and preferably from the comfort of your own home, Bryan Cowgill will be a man dear to your heart.

Before Grandstand, sport on television on Saturday usually consisted of some racing and 30 minutes or so of recorded highlights. Often screened hours after you'd heard the result while you were checking your pools coupon.

Before Match of the Day, there was no regular multi-camera coverage of league or cup football matches.

Before Sportsnight, mid-week was a desert as far as sport went. And, for previews of the next weekend's major events, you had to read a newspaper.

As BBC Television's first and longest-serving Head of Sport and, later, as Chairman of ITV's Network Sports Committee, Bryan Cowgill can be fairly described as having shaped televised sport in Britain and set a standard for the rest of the world.

He even coined the phrase 'Action Replay' to describe the slow-motion technology he introduced during the World Cup back in 1966.

'Yes,' we thought, 'he'll do nicely.'

Months of negotiation and planning later, here's an outline of what you can expect from BSB's Sports Channel, come Spring.

Press our button and you'll be tuned to sport twelve exhilarating hours a day.

At 8.00 every night (yes, every night) there'll be a major event that'll usually be live and have a strong British bias.

We plan to air a different mainstream sport each night, but during, for instance, live tennis or golf, we'll bend the rules to follow every stage of the event.

As far as profiles and analysis go, we aim to start where Sportsnight left off.

Central to our Sports Channel will be our Sportsdesk.

Which will be a sort of TV version of the sports page of a daily paper but, for obvious reasons, Sportsdesk will be the more up-to-date.

We're doing more than hope viewers like the sound of all this.

We're asking them – and we intend to go on asking them.

Because, at BSB, we believe that the best way to make sure that sports fans stay tuned in to us is to stay tuned in to them.

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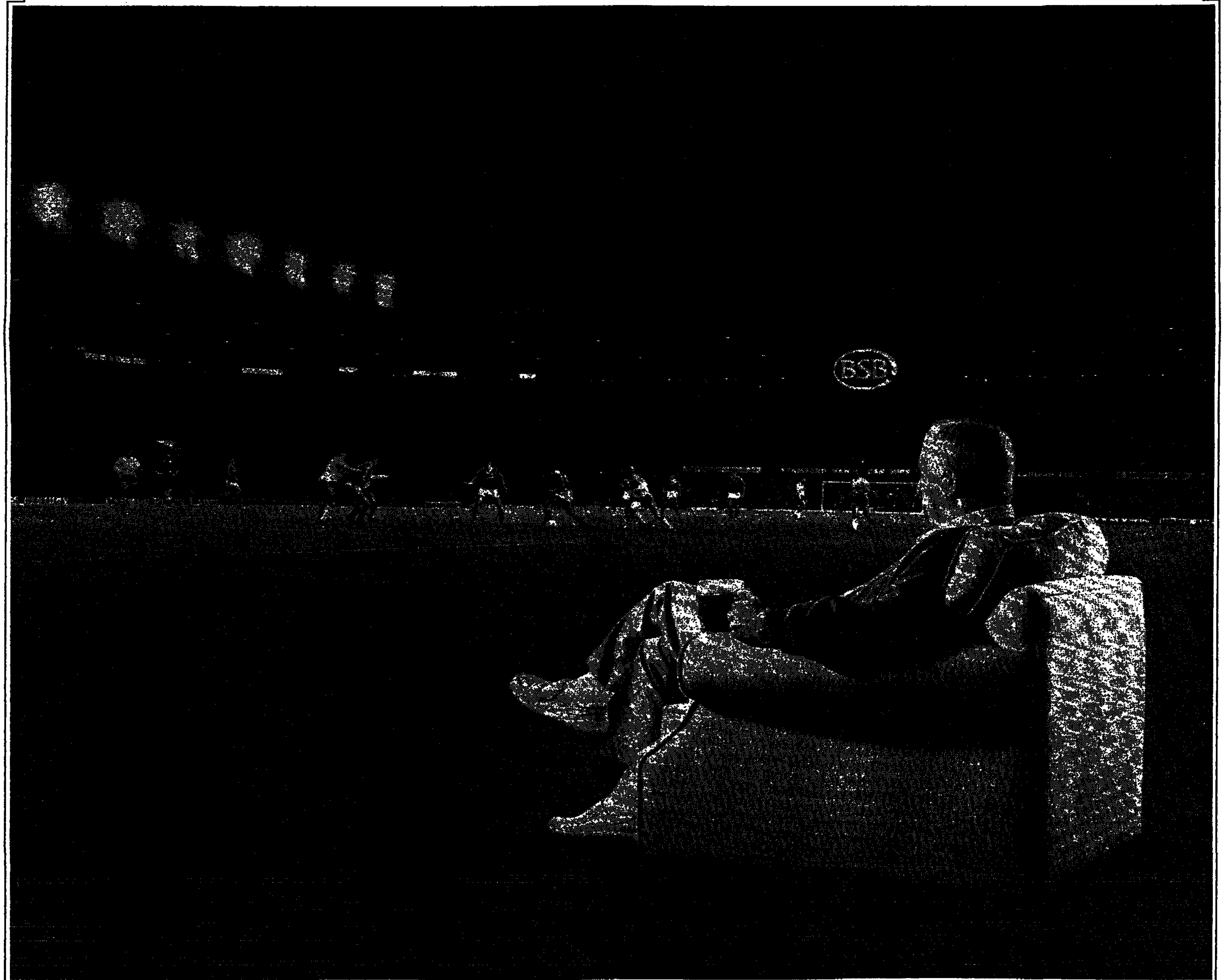

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TECHNOLOGY

Supersonic jet sets up for business

SOVIET jet fighter technology and a US aerospace company have joined forces to develop the first supersonic business jet. The initial design for SSBJ – a miniature supersonic airliner with 12 seats – will be finalised on November 15.

The jet, which is likely to cause little or no sonic boom, could be flying within three to five years – less than half the time needed to make a second Concorde.

Sonic boom is related to aircraft size. Concorde has 100 seats, but its sonic boom limits it to operation over water. The business jet will fly at a speed of 1500 mph – 7 per cent faster than Concorde

The Soviet contribution is from the Sukhoi Design Bureau, known for designing jet fighters that can shoot down western bombers. Sukhoi is co-operating with Gulfstream Aerospace of the US, which makes subsonic corporate business jets. Rolls-Royce, the UK aero engine company which supplies the engines for Gulfstream aircraft, is working with the Soviet Lyulka Design Bureau on the development of supersonic engines.

The groups believe that a supersonic business jet would be successful due to continued demand for supersonic seats. There are few prospects of a successor to Concorde, scheduled to cease operation by British Airways in 2005.

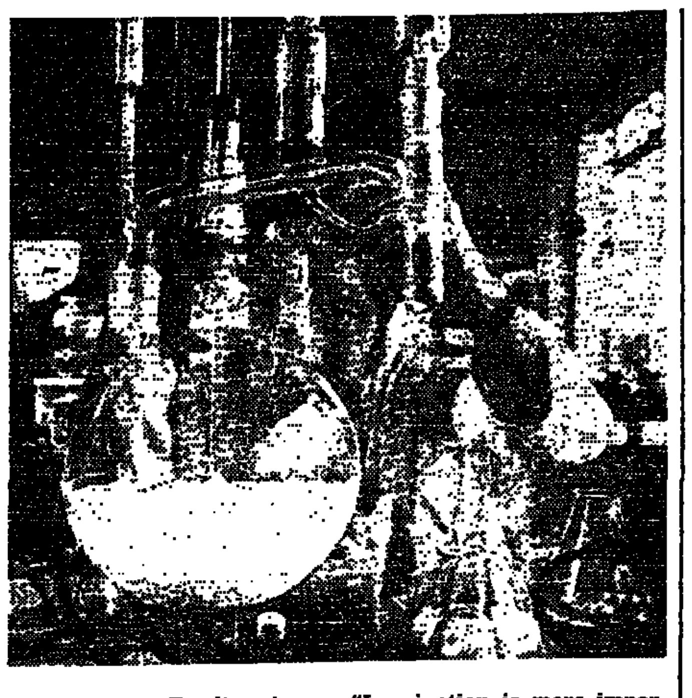
Gulfstream and Sukhoi say that the project is "a major challenge and a high risk," but the potential returns make it worthwhile. Sukhoi will provide most of the investment for the project, estimated at about $1bn. It will produce the aircraft, at least initially, in return for dollar income.

Gulfstream announced last year that it was studying the development of a supersonic business jet. Sukhoi had already been working for a year on a plan for a supersonic transport aircraft. This summer, Sukhoi and Gulfstream stated their desire to explore the feasibility of a joint venture. The two organisations also have plans to enlarge the supersonic business jet into a small supersonic airliner version, carrying between 50 and 60 passengers.

Lynton McLain

Dr Paul Janssen speaks to Clive Cookson about his thoughts on the pharmaceutical industry

A traditionalist still in fashion



"NO ONE has a good word to say about chemistry any more," laments Dr Paul Janssen, the world's most successful exponent of drug development through straightforward chemical synthesis. He feels angry that simple chemistry is being neglected because of all the publicity given to biotechnology and fashionable new research techniques such as computer modelling.

Dr Janssen directs research at Janssen Pharmaceutica, the Belgian drug company which he founded in 1953 and sold in 1961 to Johnson & Johnson, the US health care group. In terms of the number of new drugs discovered, Janssen is probably the most productive company in the pharmaceutical industry.

Over the last 36 years 83,000 new chemical compounds have been made at Janssen's research and production centre outside the small Flemish town of Beerse, and 70 of them have become commercial products. That success ratio – one in 1,200 – compares with an industry average of about one in 10,000.

There is no sign that the stream of new products is about to dry up. Dr Janssen says that the company has a further 28 drugs undergoing clinical trials (plus seven new animal health and five plant protection products). They include promising new treatments for high blood pressure, epilepsy, psychiatric problems, the common cold and certain forms of cancer.

Total sales of drugs discovered by Janssen were $2.4bn last year and are expected to exceed $3bn this year. "There is no big blockbuster drug but they have some very profitable franchises spread across low profile areas," says David Lothson, a pharmaceutical analyst with Paine Webber in New York. Janssen's most successful products are medicines to treat fungal infections (for which it has 40 per cent of the world market).

Janssen is growing at 20 per cent a year and will contribute half of Johnson & Johnson's worldwide net earnings this year, according to Dr Janssen. Johnson & Johnson corporate management in New Jersey says that is an overestimate but refuses to divulge the true proportion; Lothson believes it could be 40 per cent.

"Janssen has been extraordinarily productive in producing new drugs but many of them have not been exploited commercially as well as they could have been," says Professor Stuart Walker, director of the UK Centre for Medicines Research. And Dr Janssen readily agrees: "We have always been good at discovering new things and weak at commercialising them."

He is particularly upset about levamisole, a chemical originally introduced in 1968 to remove parasitic worms from animals' guts. During the early 1970s Janssen presented the US Food and Drug Administration with clinical evidence that levamisole was an effective treatment for some forms of cancer, especially tumours of the colon which kill 50,000 Americans a year. Dr Janssen says that the FDA refused to license levamisole as a cancer drug "because they did not believe our European data and there were almost no American data."

But Janssen continued to press the claims of levamisole and finally last month a large American study was published, showing that the drug does improve the chances of survival after surgery for colon cancer. It has been endorsed by the US National Cancer Institute and is likely to become a standard treatment. "Had the world only believed what we said 15 years ago, hundreds of thousands of lives would have been saved," Dr Janssen says.

He says that the company finds it much easier to develop and commercialise new drugs in fields in which it has an established reputation, such as gastro-enterology and psychiatry, than in other areas such as cancer and cardio-vascular medicine. For example Dr Janssen is convinced that nebivolol, an anti-hypertensive drug now in the final phase of clinical trials, is the best treatment available for high blood pressure but he realises that it will be difficult to persuade doctors of its superiority.

❛ Had the world only believed what we said 15 years ago, hundreds of thousands of lives would have been saved ❜

— Paul Janssen

Dr Janssen believes that his company can maintain its record of innovation by relying on traditional synthetic chemistry for the foreseeable future. Unlike many other pharmaceutical companies, Janssen has no intention of going into biotechnology production (making drugs in fermenters with genetically engineered micro-organisms or cell cultures).

"People often misunderstand my views on biotechnology," Dr Janssen says. "I'm not looking down on biotechnology. On the contrary, I'm in love with it intellectually." But he believes that its practical importance is as a research tool and that its significance for pharmaceutical production has been much exaggerated.

Johnson & Johnson gives Dr Janssen complete freedom to control the activities of the 950 researchers who work on the spacious green campus at Beerse. All 5,000 new compounds synthesised every year are first approved by him – and many are his own ideas.

The chemists who make the new compounds (which usually appear first as about 5 grams of white powder) get quick feedback about their pharmacological activity. Dr André Reyntjens, Janssen's research vice-chairman, says that preliminary pharmacological screening of each compound, including animal tests, is normally completed within a week of its synthesis. Every day at 9am Dr Janssen reviews all the previous day's screening results and decides which compounds, if any, are worth developing further.

At the age of 63 Dr Janssen moves rather slowly, like a portly Flemish merchant. But there is nothing slow about his thought processes nor about the soft-spoken eloquence with which he outlines his ideas.

Even so, he hesitates when asked how he comes up with so many innovative new drugs. "By imagination," he replies. "Imagination is more important in this field than knowledge. It's like playing chess." Reyntjens testifies to the fertility of Dr Janssen's imagination. At a recent meeting to plan the synthesis of AIDS drugs he wrote down the structures of "several hundred new compounds" that he thought would be active against the AIDS virus.

Although Janssen researchers use computer graphics to study three-dimensional models of receptor binding sites, Dr Janssen says that the importance of molecular modelling is over-rated. "The knowledge we gain is not sufficient to design a drug. Most of the stories being published about molecular modelling are simply stories. I have not heard of even one drug that has been designed using this logical approach."

But Tony Marchington, managing director of Oxford Molecular, gives several specific examples "where computer graphics played a major role in active molecule discovery," including his own work developing novel triazole fungicides for ICI.

Dr Janssen's attitude to pharmaceutical discovery may be old-fashioned, but most people in the industry believe that he will generate innovative new drugs for several more years. Given the typical 10-year time lag between the discovery of a drug and its commercial introduction, his golden legacy is likely to last long enough to satisfy even the most far-sighted investors in Johnson & Johnson.

Willow stumped by synthetics

That familiar sound of leather on willow might become rare if chemists have their way. In a few summers hence English village greens could resound to leather on Twaron or Kevlar HP. These are brand names given to a nylon derivative called aramid, which is one of many synthetic fibres used to make rackets, bats, sticks and the various implements sports people use to hit a ball.

"You no longer need wood in any sport that involves hitting a ball or puck," says Tony Stacey, a fibre and plastics technologist in the Netherlands.

But wood is still favoured by professionals in many sports, such as baseball and golf, because it gives a feel to the stroke. Traditional woods, such as willow, are becoming scarce. Disease in English willow, for example, has depleted the cricket bat industry's stocks.

"With increasing 'green' attitudes there will be a limit to the number of trees that can be cut down to give a recreational player a luxury article," says Stacey. He makes one of the world's premier hockey sticks, which bears his name. He buys a naked plank made from mulberry wood in Pakistan and covers all but the head in layers of synthetic fibre and resin. The fibre adds strength and the resin enters the pores of the wood to form a strong amalgam of natural and synthetic materials.

"The only two major sports where synthetics have not taken over are cricket and hockey. Cricket bats are still made completely of wood but hockey sticks are about 50 per cent synthetic. The head of a hockey stick must be wood because of a ridiculous rule based on the misconception that a synthetic or reinforced head would be dangerous," he says. Stacey expects world hockey officials to relent soon. He says the sticks will be wholly synthetic within three to five years.

Stacey made a laminated cricket bat which was tested in the Netherlands. "The player said he had never hit a ball so far. But the bat made a funny sound which would take some getting used to by a traditional English player," he says.

The consistency of wood varies greatly. This makes it difficult for manufacturers to make quantities of rackets, bats and sticks which are of uniform weight, strength and stiffness. In the early 1960s designers started reinforcing wood with synthetics. This provided the uniformity needed to produce reasonable quantities at competitive prices.

The first of these products were ice-hockey sticks. Then followed aluminium baseball bats, which are still used by most amateurs. Most professional baseball players prefer the traditional bats made from North American ash, known as northern white because the wood comes from trees that grow on the north slopes of the mountains.

Tennis, squash and badminton rackets were the next to change. First the wood was strengthened with synthetics and then designers started making wholly synthetic rackets in moulds. They chose carbon fibres, the material favoured by the aerospace industry and Formula One car designers, bonded with resin. The tougher and more resilient frame allowed a higher string stress than wooden rackets, which meant players could hit the ball harder.

Carbon fibre is also used to make fishing rods and the shafts of golf clubs. Manufacturers produce about 6,000 tons of the fibre a year and a third is consumed by the leisure industry, according to Tony Howard, marketing director of Courtaulds Grafil, a maker of carbon fibre in Europe.

But the most widely used fibres in the sports industry are made from glass and aramid. These materials and carbon fibres are now in competition with a new range of fibres made from polyethylene and ceramics. "Polyethylene still has a few shortcomings. I doubt if it will take over from glass and aramid in the near future," says Stacey.

Increased use of synthetics is changing the nature of the job for designers and manufacturers of sports equipment. They need to know about physics to understand strengths and stresses. And they have to be well versed in modern chemistry to produce appropriate resin systems. "The days of a paint brush and a pot of resin are long gone," says Stacey.

Peter Knight

LEGAL NOTICES

NO 006282 OF 1989
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
EXPRESS NEWSPAPERS p.l.c.
- and -
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 11th October 1989 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the share premium account of the above-named Company by £98,707,349

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Harman at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 13th November 1989

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of share premium account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED this 27th day of October 1989

Theodore Goddard
16, St. Martin's-le-Grand
London EC1A 4EJ

Solicitors for the above-named Company.

NORTHUMBRIAN ENERGY WORKSHOP LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 48 of the Insolvency Act 1986, that a MEETING of CREDITORS of the above-named company will be held at the offices of Cork Gully, Archbold House, Archbold Terrace, Newcastle upon Tyne NE2 1DQ on 8 November 1989 at 11.00 am for the purpose of having laid before it the report prepared by the Administrative Receiver in accordance with the said section and, if thought fit, appointing a Committee. Creditors whose claims are wholly secured are not entitled to attend or vote at the Meeting. Creditors who are partly secured may only vote in respect of the balance of the amount due to them after deducting the value of the security, as estimated by them. A creditor in respect of a debt due on, or secured by, a bill of exchange or promissory note must treat the liability of any person who is liable on the bill antecedently to the company as security held by him (unless that other person is subject to a Bankruptcy Order in Liquidation).

Creditors wishing to vote at the above meeting must lodge a written statement of their claims at the offices of Cork Gully, Archbold House, Archbold Terrace, Newcastle upon Tyne NE2 1DQ no later than noon on 7 November 1989. A form of proxy is enclosed which, if intended to be used, must also be lodged with us by that time.

Dated this twenty third day of October 1989.

D M Middleton
Administrative Receiver.

LECTURES

UNIVERSITY OF LONDON. The 1989 Stamp Memorial Lecture entitled: "THE ROLE OF INDUSTRIAL RESEARCH AND DEVELOPMENT" will be given by Dr Derek Roberts (Provost of University College London) at 5.00 pm on Tuesday, 21 November 1989 at the University of London, Senate House, Malet Street, London WC1E 7HU. ADMISSION FREE, WITHOUT TICKET.

ART GALLERIES

MARTYN GREGORY: Early English Watercolours. Nov.1-24 10-6. Sats 10-1. 34 Bury Street, St. James's, London SW1. 01-839 3731.

THE PROPERTY MARKET

Quiet times with the solace of rumour

By Paul Cheeseright

The tea leaves are murkier than usual. Trying to see which way the property share market might move, or even whether it might move at all, is fraught with more than the customary difficulty.

The share market is not only low, but passive. Prices have recovered slightly from the bump of mid-October but there is very little trade. This is not exclusive to the property sector, of course, but property has been in the doldrums rather longer than the general equity market.

The mood is sensitive, fragile. There is no other way to explain the reaction, first in September, to the Savills suggestion that there could be a surplus of second-hand property in London, and second in October, to the Barclay de Zoete Wedd estimates of excess space and expectation of forced sellers.

The market was upset by isolated reports which, whatever the merits of their research, simply took a stage further and made explicit what many people have been thinking since the beginning of the year. It was as if there was a search for another reason to lower share prices.

Share performance has been anticipating a downturn in the property market since last year, although the returns from property as measured by the Investment Property Databank are still running higher than those being obtained by equities and gilts. There is, to be sure, a downturn but it is from exceptionally high levels.

The events in the general economy have recently been tending to justify the pessimism. For all the capping, a base rate of 15 per cent is uncomfortable. Well-financed property developers and investment companies may be able to absorb it but there are many commercial companies which find it more difficult and which will cut their demands for space.

On top of all this, of course, has come the turmoil in the Government and the uncertainty it has engendered in the business world.

CAPITAL GROWTH (%)	Retail	Office	Industrial	All Property
Year to September 89	8.8	21.9	25.8	16.6
Quarter to September 89	1.4	3.6	6.4	3.1
Month of September 89	0.5	1.3	2.0	1.1

Source: Investment Property Databank.

The situation on both the share and direct property markets is not unlike that after the equity market crash in October 1987. Then, on the direct market, the amount of investment deals diminished and buildings were slower to lease. It was not that prices dropped, simply that business stalled.

In the same way now, agents are reporting signs that companies are hanging back from leasing new premises, waiting to see whether the political situation will quieten, how economic policy will evolve and what is the response of the financial markets. There is no hurry to act: best to be on the cautious side.

This is bad news for the share market, which thrives on the activity outside it. If there is diminishing activity, there is less to grasp, less stimulus to buy or sell. This could, of course, be only a temporary phase: both the share and the direct property markets picked up quickly in the early months of 1988 when it became apparent that the demand for space remained firm.

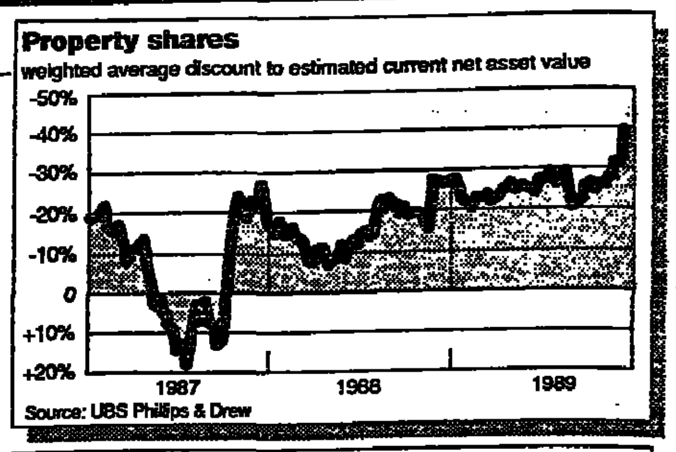
But there could be an extended period of gloom on the share market if the special factors created by the events of the last fortnight are seen as compounding existing doubts. As Alec Pelmore of Laing and Cruickshank remarked, "People have lost their certainty about what the future holds for property." The uncertainty though can be played both ways. First, it can be used as a reason for simply staying away from the market. If there is going to be blood on the walls as over-extended developers seek escape routes, then it is safer to stay away.

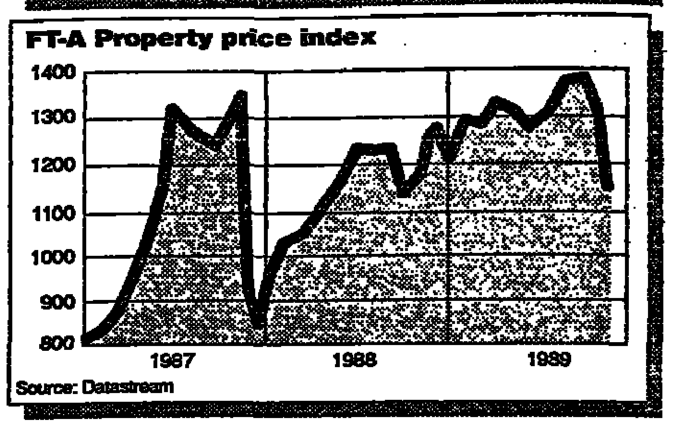
But, second, it can be argued that prices are now so low that it is crazy not to buy. In the sector the average discount to estimated current net asset value, calculated by UBS Phillips & Drew, is 39.8 per cent. This is a huge discount if measured against the discount averaged out over the last 10 years: this is 23.9 per cent. The argument here is that, short of disaster, all the bad news is now in the price.

Yet there are few around the market predicting a sudden revival of trading activity. "The only thing to get the equity market moving will be corporate activity and the assumption here is that most of it will come from overseas," said Alex Moss of Barclays de Zoete Wedd. But, as Mr Moss conceded, there were thoughts along these lines before base rates reached 15 per cent.

Certainly a bout of corporate activity in the spring, when Arlington, Imry Merchant Developers and Randsworth were taken over, had a stimulating effect. But it is wholly unpredictable.

Meanwhile there is the solace of rumour which, with weary repetition, cites Great Portland Estates and Slough Estates as possible targets, and the rubbing of hands over the possibility of US pension funds buying a property company or two.





UNFASHIONABLE it may be but there are still some companies which would like a stock market listing. Lexington Securities is one and, indeed, is even now examining the possibilities of reversing into a quoted company.

Lexington, which opened its doors for business last year, with £12.6m of backing provided by half a dozen institutions, is seeking both to clean up its capital base – there has been some private buying and selling of its shares among Australian backers – and to extend it.

But any reverse takeover would be seen by Lexington as a deal. That is the style of the fledgling company. "We try to buy deals rather than investments. They become investments after we have finished with them," said James Baker, the chief executive.

Mr Baker is a property veteran, a protégé of Fred Cleary, who formed Haslemere Estates in the 1960s. "I've been through a lot of booms and a lot of slumps. I've suffered. I've learned a lot of lessons."

So, as he works on expansion at a time when the industry is more likely to be contracting, his approach, he asserted, is conservative and straightforward. His recipe for survival is simpler to say than to achieve: "Try to buy a bit under value. Don't pledge the future. Don't overgear."

The total value of Lexington's portfolio is nearly £40m and it has a net worth of £20m. Its properties are largely in the West End of London and mainly offices. Now it is looking for properties held by those suffering from the high interest rates. "We're looking for people under pressure."

The property race goes to the swift and well-funded. Like a number of bigger companies, Lexington is keeping liquid and has not bought any property for four months, although it has done some unsuccessful bidding. Its restraint on prices springs from the company policy on borrowing; this demands that the interest on any loan has to be covered by the initial revenue on the property purchased.

Lexington is not interested in development. Refurbishment perhaps. "We're buyers of assets, usually under-valued or badly managed and we try to get out the true value by good estate management," Mr Baker said.

He rather favours the idea of Lexington as a mini-Hanson of the property world, buying portfolios, sorting them out, getting rid of what is not required and keeping the best.

FT LAW REPORTS

Liability for harbour damage insured

TURNER v MANX LINE LTD
Court of Appeal (Lord Justice Neill, Lord Justice Ralph Gibson and Lord Justice Stuart-Smith): October 24 1989

A SHIPOWNER'S insurance under an ITCHPR policy against liability for damage caused by his vessel to a harbour, covers his liability as operator of the vessel and is not limited to strict liability arising out of his proprietary interest.

The Court of Appeal so held when dismissing an appeal by representative Lloyd's underwriter, Mr Colin Turner, from Mr Justice Hirst's decision (FT November 18, 1988) that the defendant assured, Manx Line Ltd, was entitled to receive monies due under a Hull policy.

LORD JUSTICE NEILL said that Manx Line was lessee of a Linkspan, which was a floating roadway from car ferry to shore.

It insured the Linkspan as a "vessel" with Lloyd's underwriters on a standard policy of marine hull insurance,incorporating the Institute Time Clauses Hulls Port Risk (ITCHPR).

In August 1978 Manx Line entered into an agreement with the Isle of Man Harbour Board, by which Manx Line was permitted to attach the Linkspan to the board's property at Victoria Pier, Douglas.

By that agreement Manx Line accepted responsibility for any loss or damage to the Board's property arising out of the use and operation of the Linkspan.

In November 1978 the Linkspan broke away from its shore anchorage in heavy weather. It caused £850,000 damage to neighbouring jetties and other Harbour Board property.

Manx Line accepted liability to indemnify the Board, and paid it £828,619. Together with the Board and the Linkspan lessors, it sued the manufacturers. The manufacturers paid a sum in settlement.

The shortfall between the settlement monies and the claim for damage to the Board property was £369,592.

Manx Line claimed under the Hull policy. It retained £393,718 out of monies otherwise due to the underwriters under subrogated rights in respect of other parts of the claim against the manufacturers. The sum was placed in an interest-bearing escrow account.

In the present action the underwriters sought payment of the monies recovered by Manx Line.

It had been agreed that if the underwriters were successful they should be entitled to the full sum in the escrow account in full satisfaction of their claim; and that if Manx Line was successful it would receive 93.8 per cent, and the balance would be paid to the underwriters.

Mr Justice Hirst decided in favour of Manx Line. The underwriters now appealed.

Clause 1 of the ITCHPR policy provided that the assured should be indemnified if he became liable to pay damages for collision with another vessel

Clause 3 covered the assured "if by reason of interest in the vessel" he became liable to pay in respect of "(c)loss of or damage to any harbour . . . jetty."

Manx Line argued that the Harbour Board's claim fell within clause 3(c).

Mr Sumption for the underwriters submitted that the policy did not extend to Manx Line's liability, because of a crucial limitation imposed by the phrase "by reason of interest."

He said a distinction had to be drawn between liability attaching to shipowners because they were owners or had some proprietary interest, and liability incurred from operating a vessel; and that "by reason of interest in the vessel" made it clear that cover was restricted to circumstances where possession of an interest in the vessel was an essential element of liability.

He accepted that an exclusive possessory interest as lessee and bailee was sufficient, but argued that that interest had to be causative of the liability or claim.

Mr Sumption referred to *Sturge v Hackett [1962] 1 Lloyd's Rep 117, 124* which concerned a householder's policy covering "all sums for which the assured (as occupier . . .) may be held liable."

Mr Justice McNair, whose approach to construction was upheld in the Court of Appeal, said that "as occupier" connoted that occupation was "an essential ingredient of the liability."

Also, in *Rigby v Sun Alliance [1980] 1 Lloyd's Rep 359* which concerned an insured's liability "as owner" of a house, Mr Justice Mustill said the words denoted that the insured's status as owner was "an integral part of the cause of action against him."

In *McDermid v Nash Dredging [1987] AC 906* Lord Brandon construed "any person interested in . . . the ship" in section 3 of the Merchant Shipping (Liability of Shipowners and Others) Act 1958 as meaning "a person having a legal or equitable interest in the ship."

Mr Justice Hirst was right in deciding that Manx Line was entitled to recover.

In construing an insurance policy, to ascertain the intention of the parties it was necessary to look at the whole policy, and to consider the terms used in their plain and ordinary sense.

It was also necessary to take account of surrounding circumstances known to the parties when the contract was made.

Clause 3 was clearly intended to be an extension of the cover provided by clause 1. Read in conjunction with other clauses it extended to liabilities arising otherwise than under statute or strict liability attaching only to an owner.

"By reason of" and "interest in the vessel" should be construed in a broad rather than a narrow sense.

The householders' policies were not decisive. They were decided on their particular facts and the particular wording of the policies. Nor was "interest" limited as it was in *McDermid* to a legal or equitable interest.

The court should see whether there was some nexus between the assured's liability and his interest in the vessel. It might be as owner or lessee or bailee. But he might also be interested in the vessel as its operator or user.

There was no reason to exclude from the clause 3 liabilities those which the assured might incur as operator or user rather than as owner or lessee.

The appeal was dismissed.

LORD JUSTICE RALPH GIBSON, agreeing, said that "by reason of interest in the Linkspan" did not expressly require that the liability must be by reason *only* of interest in the Linkspan or that such interest must be the *only* reason for the liability.

An assured might become liable to pay claims arising from other matters listed in clause 3 which included his relationships to other parties, his actions and failures to act.

The ordinary and popular sense of the words considered in their immediate context was not limited to, although it included, liability in circumstances in which the proprietary interest was a legally essential element of the liability. The words were satisfied if the assured showed that his interest in the Linkspan could properly be regarded as one of the reasons for his becoming liable.

LORD JUSTICE STUART-SMITH, also agreeing, said that the solution was derived from the answers to the following three questions.

1. Why did Manx Line incur liability to pay the Board? Because it entered into a contract to indemnify the Board against all loss or damage arising out of its operation of the Linkspan.

2. Did Manx Line incur such liability by reason of its interest in the Linkspan? Yes. It did because it owned and operated the Linkspan and could not operate it without entering into the agreement with the Board.

3. Did the liability arise from loss or damage to any harbour or jetty? Yes.

If these answers were correct, Manx Line was entitled to indemnity under the policy, he said.

For the underwriters: Jonathan Sumption QC and Jeffrey Gruder (Ince & Co)
For Manx Line: Anthony Diamond QC and Simon Crookenden (Holman Fenwick & Willan)

Rachel Davies
Barrister

COMMODITIES AND AGRICULTURE

Tin creditors expected to settle for 40p in the pound

By **Kenneth Gooding**, Mining Correspondent

CREDITORS WHO claim the International Tin Council owes them more than £500m will almost certainly accept an out-of-court settlement worth 35p to 40p in the pound, it was indicated yesterday.

This followed agreement, late on Wednesday, between representatives of the 22 member countries of the ITC to provide £182.5m to settle the long-standing legal claims.

"If the money is there, one can see an end to a very sad and very sick saga," said a representative of one of the creditors yesterday.

The ITC delegates were more cautious. "There is now a basis, a very strong basis, for a joint effort to reach a solution," one told the Reuter news agency. "It is an extremely important step, but it is not the end of the day yet. It opens up another door."

The caution stems from the fact that there are more than 35 creditors and the ITC members are insisting that all of them accept the deal at one time.

However, a creditor said: "We can understand that the states want sign-off in a manner that means they can forget about this sorry affair once and for all. They want creditor solidarity and basically it is there.

"There is one little local difficulty, but I don't see that as a problem."

Creditors once hoped to be paid in mid-December but now have asked for their pay-off by January 15.

When informal talks started this week the ITC was still £12m short of the £182.5m that creditors insisted was the minimum needed to drop litigation claims. But by Tuesday evening the shortfall was narrowed to between £2m and £3m after Malaysia, West Germany, Japan and the UK promised the extra cash between them.

Full details of how the payout will be raised have not been disclosed. But ITC delegates said that Japan and Britain – the two biggest contributors – have both agreed to pay more than their fair share.

Analysts estimate that Japan will pay about £40m and the UK £30m.

Malaysia will contribute about £23m pounds; West Germany more than £17m and Thailand £8.3m.

Creditors launched legal actions against the ITC after the collapse of the council's market support operations in October 1985 left banks and brokers with heavy losses. Discussions to settle out of court have been going on almost as long.

Brokers who bought tin on the London Metal Exchange on behalf of the ITC were left with a metal that lost almost half its value. Banks lost money as the value of ITC loan collateral fell.

Creditors met with little success in the courts. The House of Lords, the highest British court, dismissed creditor appeals last week.

Outokumpu's Chilean mine plan

By **Kenneth Gooding**

OUTOKUMPU, THE state-owned Finnish group, said yesterday it expected to take control of the Zaldivar mine in Chile, widely considered to be one of the largest undeveloped copper ore deposits in the non-communist world.

If all goes to plan, Outokumpu expects to start production early in 1993.

The group said it had been informed by the present owner of Zaldivar, 150 km south east of Antofagasta, that Outokumpu was the sole bidder when tenders closed on October 31 with an offer of $25m.

Subject to final confirmation by the vendor, Sociedad Minera Cascada, the copper deposit will be acquired by Outokumpu's wholly-owned Chilean subsidiary, Outokumpu Resources Chile, which is being set up to develop the deposit.

Preliminary estimates suggest that the deposit contains geological reserves of about 60m tonnes averaging 1.6 per cent copper, Outokumpu said.

Further detailed drilling and test work are to be undertaken before a final decision is taken to develop the deposit, it added.

This is the second move into Chile by Outokumpu in two months. It previously announced a deal with Antofagasta, the UK quoted company with a wide range of Chilean interests, to build a copper treatment plant and to take an equity interest in the venture.

That deal indicated that Outokumpu had made a breakthrough in its dealings with the Finnish trade unions. When Outokumpu previously wanted to move into Chile it faced strong protests from the unions because of that country's right-wing Government. That pressure ended a possible deal with Rio Algom and the unions also threatened to stop imports of copper to Outokumpu from Chile's large Escondida mine, due in 1991.

However, Mr Heikki Solin, president of Outokumpu Resources, the Finnish group's international mining arm, said at the time of the Antofagasta deal that the unions were "taking a more realistic view" of Chile after sending a delegation there.

OUTOKUMPU also said yesterday that copper and nickel production at its Harjavalta works in western Finland was back to full capacity after an explosion in April, reports Reuter from Helsinki.

The company said the explosion in an oxygen plant, which halted production in Harjavalta's nickel and copper smelters, cost FM80m (£11.8m). Repair costs would be FM20m and the lost production was worth FM60m. Insurance would cover both expenses, Outokumpu added. The oxygen plant was now working normally.

The copper smelter produces 300 tonnes of anode a day and the nickel plant produces 50 tonnes of cathode.

Clash shuts Surinam bauxite unit

THE SURINAM Aluminium Company (Suralco) has suspended operations in Moengo, the country's main bauxite mining town, following a clash between militant Indians and a faction of an anti-government rebel group, writes Canute James in Kingston, Jamaica.

Officials at Suralco, a wholly owned subsidiary of the Aluminum Company of America (Alcoa), said the shutdown had not yet affected the operations of the country's 1.2m tonnes-a-year refinery or the 60,000 tonnes-a-year smelter.

They said, however, that unless the safety of workers could be guaranteed, and the mining restarted in a few days, the refinery and smelter could be forced to reduce production.

An occupation of Moengo two years ago by rebels, who also damaged power lines, seriously affected the refining and smelting industry. Moengo was evacuated while the refinery was fed with ore imported from the Dominican Republic and elsewhere in Surinam.

Cattle disease threatens UK exports

By **Bridget Bloom**, Agriculture Correspondent

BRITAIN'S £250m beef exports are potentially under threat because of the continuing prevalence of the cattle madness disease, bovine spongiform encephalopathy.

The disease, which is currently affecting between 500 and 600 cows a month, has provoked West Germany to ban all imports of beef offal and to threaten to extend the ban to any beef imports not guaranteed by the UK Government as coming from unaffected cattle.

The German ban on offal, which took effect from November 1, follows a UK decision announced last summer that certain kinds of beef offal would be prohibited from use in meat products. That ban, according to British officials yesterday, will be enforced later this month.

Yesterday, Mr John Gummer, the Agriculture Minister, roundly criticised the German Government for its action which he said had been taken on political and trade grounds rather than for reasons of health. British beef was perfectly safe, he told a news conference. There were neither medical nor scientific grounds for believing otherwise.

Mr Gummer said he had personally taken the matter up with Mr Ray MacSharry, the EC's Agriculture Commissioner, who had declared the German action to be contrary to the Treaty of Rome.

However, the Agriculture Ministry is clearly alarmed at the potential impact of the German action. If other member states were to follow suit, exports of some £205m a year to other EC countries – out of total exports of £248m last year – could be endangered.

So far Britain appears to be the only country suffering from BSE, which attacks the nervous system of cows. By last Friday, a total of 7,395 cases had been reported, for compulsory slaughter.

The disease was first identified in 1986 and its precise origin remains a mystery. A government-commissioned report published in March has suggested that it may come from feed containing the remains of sheep suffering from scrapie, a brain disease which is not transferable to humans.

The Government announced in June its intention to ban the use in food products of offal including the neural and lymphatic tissues thought to carry the disease. Mr Gummer said yesterday the ban was not yet in force because current food legislation required a lengthy process of consultation before new regulations could be introduced.

Pakistan pays for its sweet tooth

Christina Lamb on a Government drive to force down the sugar price

THE PAKISTANI Government is trying to fight the rising cost of having a sweet tooth, subsidising imported sugar sold in state-owned shops to force down market prices which increased by 40 per cent this summer.

According to the Government there is plenty of sugar available. Yet while their figures show production of 1.858m tonnes, easily sufficient for an estimated consumption of 1.818m tonnes, prices have escalated. Manufacturers say this is because demand is nearer 2.1m tonnes but Mrs Benazir Bhutto, the Prime Minister, says an artificial shortage of sugar has been created by hoarders to force up prices.

Benazir Bhutto: Blames high prices on hoarders

At a rally last month Mrs Bhutto warned traders to bring down the price from Rs13-14 (39p-42p) to Rs10 a kilogram or the Government would import sugar and sell it cheaply.

Some 80,000 tonnes have already been imported – 13,000 from Thailand, 13,000 from China and the rest under tender from the French firm Scud. At high international prices of more than $490 per tonne, with distribution costs and 20 per cent subsidies, this has cost the Government $10m in scarce foreign exchange.

On paper Pakistan is fighting a losing battle to be self-sufficient in sugar. Sugar-cane is the country's fourth largest crop, and, although the sugar industry is expanding rapidly, demand is increasing faster, at more than 6 per cent a year, because of rising population and higher living standards. Annual consumption has shot up from 5 kg per head in 1970 to 18 kg today, though this is still among the lowest in the world, comparing with over 50kg in developed countries. The National Commission on Agriculture estimated that by the year 2000 demand will be 3.2m.

At independence in 1947 Pakistan had only two sugar mills, and, until 1965, the industry was given little importance, it being cheaper to import sugar. In the last 15 years, however, the number of mills has doubled from 22 to 45 and cane production has increased, reaching its peak of 36.6m tonnes in 1981-82.

To reverse its subsequent decline, in 1985 the Government gave concessions to sugar mills and since 1987 has given incentives to growers in the form of substantially increased support prices. The industry was deregulated and growers no longer had to sell to particular mills, and last year's production rose to 32.24m tonnes.

In terms of acreage Pakistan is the world's fourth largest sugar grower (950,000 hectares). Scope for further increase is restricted by land and water availability, but agronomists believe yields can be more than doubled. The average at present is 35 tonnes per hectare, compared with 68 in India's Punjab, mainly due to lack of credit, fertiliser, pesticide and high yielding varieties.

At present nearly half the sugar-cane produced is processed to refined sugar, while the rest is converted to "gur" – brown and lump sugar produced in rural villages and sold mostly in rural areas. This trend is increasing causing a loss to the exchequer because gur manufacturers pay no excise duty while mills pay R2.15 per kilogram.

Sugar manufacturers are angry because in the June budget, the Government abolished customs duty of Rs4 per kilogram on imported sugar to compensate rising international prices, and withdrew two major incentives introduced in 1985. The first, exemption of excise duty on sugar produced in excess of the factory's average production for the previous two years, had been brought in to encourage mills to extend the crushing season beyond when it was economic and to haul sugar-cane from distant places. The second incentive, a 50 per cent excise duty rebate for the first two years of production with retrospective effect, had been given because of the high capital outlay of new mills.

These concessions had helped make the industry one of the country's most profitable. Three-quarters of private mills are owned by politicians, mostly from the previous regime when they got sanctions. Their owners, now in opposition, believe the Government's withdrawal of exemptions which has been imposed retrospectively for the last year's production, to be deliberately aimed at them.

One of the largest mills belongs to the Ittefaq Group, owned by the family of Nawaz Sharif, head of the main opposition party and Chief Minister of Punjab. Mr Sharif claims Mrs Bhutto's People's Party is trying to destroy him economically having so far failed politically. Ittefaq has been asked to pay Rs80m in excise duties and has gone to court with several other mill owners, arguing that the withdrawal of tax exemption will leave the industry no incentive to produce a higher quantity so there will be lesser production, shortages and less revenue.

The Government shows no sign of relenting, however, saying that there is no shortfall but claiming the manufacturers have deliberately withheld 120,000 tonnes to try to get higher prices before the new sugar enters the market in late October. However Haroon Pasha, General Manager of Ittefaq, denies this. "The monthly release by Ittefaq is the same as last year. There is absolutely no hoarding."

In fact in the two cases of hoarding recently uncovered, the sugar was found to have been bought from the Government utility stores at black market rates.

Mrs Bhutto commented: "If trading activities are handled through the public sector we face problems of embezzlement, and when these activities are handed over to the private sector we are confronted with hoarders. Therefore we would like to use the public sector as competition to the private sector to keep in check excesses from both sides for the maximum advantage of consumers."

It seems this is more easily said than done. Despite Mrs Bhutto's threats and the import of sugar, market prices have continued rising. Apparently much is being smuggled into neighbouring India, Afghanistan and Iran where prices are far higher.

SUGAR PRICES CONTINUE TO RISE

SUGAR prices continued the overnight rise sparked by market talk that Brazil would be unable to meet its export obligations, writes David Blackwell. The London Daily Price for raws rose by $12.60 to $357.20 a tonne yesterday.

"Brazil has become the focal point in a tight market which has been fairly dull," said Mr Chris Pack of Czarnikow, the London trader, yesterday. "The funds pounce on these things as an opportunity for putting a bit of life back into the market."

But he added there was no doubt Brazil was in considerable difficulties meeting both its internal and export obligations. The country's authorities were now becoming aware that internal demand for both sugar and fuel ethanol were running away with cane output, he said.

Tax problem stalls platinum project

By **Jim Jones** in Johannesburg

THE SOUTH African Government's reluctance to grant tax concessions has halted, for the present, the development of a new platinum mine by Rustenburg Platinum. Rustenburg had hoped the authorities would allow capital expenditure on the proposed Maandagshoek mine in the eastern Transvaal to be offset against the taxable profits of the company's other mines.

Originally it had planned to develop a mine on the Maandagshoek property to process about 100,000 tonnes of Merensky and UG2 reef ore a month. However, the company says the proposed mine would be a comparatively high cost producer, making investment uneconomic without the tax concessions.

As an alternative Rustenburg is now examining the feasibility of developing a 200,000 tonnes-a-month mine to exploit Platreef ore near the Transvaal town of Potgietersrus. Trial milling and feasibility studies will be completed by the end of September next year and a decision on the new mine is to be taken by September 1994 at the latest. The Platreef ore is estimated to contain 8.3 grammes a tonne of combined gold and platinum group metals as well as about 0.28 per cent nickel.

If the Platreef mine does not go ahead Lebowa Platinum, Rustenburg's subsidiary, will increase ore production at the Atok mine in the Lebowa homeland to 100,000 tonnes a month. At present Atok's production is 50,000 tonnes but this is to be increased to 70,000 tonnes early in 1991.

Turkish grain loans arranged

TURKEY'S STATE-owned Soil Products Office (TMO) has contracted two loans worth a total $160m from France for the purchase of French and international grains because of the this year's drought, writes Jim Bodgener in Ankara.

French wheat totalling 550,000 tonnes will be imported under an $85m three-year state credit at Libor plus 0.06 per cent. A four-month loan from Banque Internationale de Commerce at Libor plus 5 per cent annual interest will finance wheat purchases from other countries.

WORLD COMMODITIES PRICES

LONDON MARKETS

NEWS that a threatened strike at Exxon's Disputada mines in Chile had been averted depressed copper prices on the LME yesterday after sparking liquidation orders. Miners accepted a last-minute settlement which doubled a previous offer, lifting wages by 5 per cent and adjusting for inflation every four months. Tin prices were ahead by the close, but well down on the levels set in the morning, when a technical correction to this week's sharp falls soon lost momentum. Lead continues to be underpinned by European supply tightness, but profit-taking developed in the afternoon after the three-month price rose to the £465 resistance level. A rally in sterling against the dollar also aided the downturn, traders said. Zinc prices fell – a quiet physical sector and the longer term threat of substitution if prices remain high continued to depress sentiment.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.25-6.40w	+.075
Brent Blend	$19.00-9.05w	-0.05
W.T.I. (1 pm est)	$20.25-0.28w	+0.15
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$188-190	-2
Gas Oil	$185-186	+1
Heavy Fuel Oil	$101-103	+1
Naphtha	$163-164	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$375.25	+1.50
Silver (per troy oz)♣	519c	+2
Platinum (per troy oz)	$486.60	+0.25
Palladium (per troy oz)	$135.25	+0.10
Aluminium (free market)	$1770	+5
Copper (US Producer)	117⅝-21¼c	
Lead (US Producer)	40.5c	
Nickel (free market)	465c	+5
Tin (Kuala Lumpur market)	18.88r	-0.27
Tin (New York)	332.5c	+4.0
Zinc (US Prime Western)	78¼c	+⅛
Cattle (live weight)†	115.38p	-0.93*
Sheep (dead weight)†	193.39p	+29.6*
Pigs (live weight)†	99.55p	-1.53*
London daily sugar (raw)	$357.2v	+12.6
London daily sugar (white)	$397.5v	+9.0
Tate and Lyle export price	£344.0	+10.5
Barley (English feed)	£115t	
Maize (US No. 3 yellow)	£126.25q	
Wheat (US Dark Northern)	£123.25	
Rubber (spot)♥	56.50p	+0.25
Rubber (Dec)♥	59.25p	+0.25
Rubber (Jan)♥	60.25p	+0.25
Rubber (KL RSS No 1 Dec)	226.5m	
Coconut oil (Philippines)§	$467.5v	-7.5
Palm Oil (Malaysian)§	$312.5q	+2.5
Copra (Philippines)§	$310q	
Soyabeans (US)	£188.5q	
Cotton "A" index	84.05c	+0.50
Wooltops (64s Super)	596p	-2

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Oct/Nov. x-Oct/Dec. t-Jan/Mar. v-Nov/Dec. w-Dec. q-Nov. z-Jan/Feb†Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Dec	714	714	720 710
Mar	694	700	705 687
May	706	713	714 698
Jul	720	726	728 716
Sep	735	741	740 731
Dec	760	768	763 757
Mar	784	789	789 780

Turnover: 3816 (2292) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Nov 1 811.15 (815.77) :10 day average for Nov 2 825.60 (828.93)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Nov	703	700	700 680
Jan	694	688	694 677
Mar	702	703	703 690
May	726	727	720 712
Jul	744	749	737 732
Sep	765	767	765 752
Nov	785	785	

Turnover: 2250 (2198) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Nov 1: Comp. daily 61.31 (61.93). 15 day average 60.99 (60.82)

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Dec	327.40	328.00	322.00
Mar	323.00	320.40	324.40 319.00
May	317.20	315.00	318.60 313.60
Aug	310.60	309.80	312.40 308.00
Oct	298.60	298.00	300.80 297.00
Dec	297.60	297.00	290.00
Mar	286.00		286.00
White	**Close**	**Previous**	**High/Low**
Dec	392.00	391.00	393.00 386.00
Mar	393.50	392.50	394.50 387.50
May	398.00	396.00	399.50 386.00
Aug	406.50	404.50	406.50 398.00
Oct	382.50	380.50	383.00 380.00
Dec	371.00	371.50	373.00 371.50
Mar	370.00	371.50	372.00 370.50

Turnover: Raw 4349 (4808) lots of 50 tonnes. White 1436 (1077)
Paris- White (FFr per tonne): Dec 2450, Mar 2474, May 2510 Aug 2587, Oct 2440, Dec 2347.

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low
Dec	19.04	19.09	19.15 19.02
Jan	18.55	18.55	18.63 18.54
Feb	18.28	18.13	18.30 18.27
IPE Index	18.96	18.69	

Turnover: 10018 (11144)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Nov	182.75	181.25	183.00 180.75
Dec	178.25	178.00	178.75 177.50
Jan	175.00	175.00	175.25 174.00
Feb	170.75	171.00	171.25 170.50
Mar	165.25	164.50	166.00 165.25
Apr	160.00	160.00	161.00 160.00
Jun	157.00	156.75	157.50 156.25
Jul	156.50		156.50

Turnover 7091 (7265) lots of 100 tonnes

FRUIT & VEGETABLES
Bananas are still superb value at 38-58p a lb as are both English Cox's 25-45p and Bramley cooking apples 24-32p, reports FFVIB. Lemons at 10-20p each, oranges at 8-20p each and grapefruit 18-28p each are all plentiful. English cauliflower is an excellent buy at 30-45p each. Imported broccoli is still good value at 40-65p a lb and both English carrots at 15-26p a lb and Dutch carrots 10-28p are a best buy. Lettuce prices remain good with round at 20-30p each (20-35p) and red varieties 50-85p each. Spring onions at 25-40p a bunch, cucumbers at 40-60p each and celery at 25-50p a head are all good value.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 11,700 tonne
Cash	1750-60	1765-75	1770/1750	1767-9		
3 months	1711-2	1720-5	1732/1705	1725-6	1708-10	32,531 lots
Copper, Grade A (£ per tonne)						Ring turnover 40,350 tonne
Cash	1715-7	1730-2	1738	1738-9		
3 months	1707-8	1717-8	1724/1700	1723-4	1700-1	78,119 lots
Lead (£ per tonne)						Ring turnover 11,700 tonne
Cash	467-9	469-71	473	472.5-3.0		
3 months	460-1	458-9	465/460	462.5-3.0	460-1	12,857 lots
Nickel ($ per tonne)						Ring turnover 1,968 tonne
Cash	10125-75	9975-10000	10100/10000	10100-50		
3 months	9775-825	9710-5	9825/9710	9775-800	9800-25	6,739 lots
Tin ($ per tonne)						Ring turnover 450 tonne
Cash	7160-80	7120-50	7280	7250-70		
3 months	7215-20	7170-80	7340/7190	7305-15	7190-200	5,224 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 19,950 tonne
Cash	1485-95	1530-5	1492/1490	1488-90		
3 months	1460-3	1507-8	1505/1460	1465-6	1455-60	15,246 lots
Zinc ($ per tonne)						Ring turnover 950 tonne
Cash	1450-60	1490-500	1475	1465-75		
3 months	1425-30	1465-70	1430/1430	1435-40	1420-30	3,025 lots

LME Closing £/$ rate:
SPOT: 1.5675 3 months: 1.5422 6 months: 1.5165 9 months: 1.4972

POTATOES – BFE £/tonne

	Close	Previous	High/Low
Nov	134.0	130.0	131.0
Feb	160.0	157.0	
Apr	199.9	137.0	201.0 197.8
May	226.0	225.0	226.0 225.0

Turnover 447 (399) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
Feb	144.00	143.50	144.00
Apr	143.50	143.00	143.50
Jun	138.00		138.00
Aug	136.00		136.00

Turnover 32 (35) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/Index point

	Close	Previous	High/Low
Nov	1668	1679	1671 1662
Dec	1660	1666	1665 1661
Jan	1673	1676	1676 1667
Apr	1683	1685	1683 1670
Jul	1410	1410	
Oct	1534	1533	1540
BFI	1651	1647	

Turnover 247 (282)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low
Nov	105.75	106.00	105.80 105.75
Jan	110.15	110.50	110.30 110.10
Mar	113.85	114.20	113.95 113.80
May	117.05	117.40	117.20 117.05
Jun	118.70	119.15	
Sep	103.60	103.25	103.50
Nov	108.60	108.35	108.50
Barley	**Close**	**Previous**	**High/Low**
Nov	105.75	106.35	106.10 105.75
Jan	108.60	109.00	108.95 108.60
Mar	111.75	112.00	111.80 111.75
May	113.95		114.00 113.80

Turnover: Wheat 165 (187). Barley 52 (37).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Nov	129.5	129.0	
Feb	116.0	117.0	116.0
Apr	116.0	116.5	116.0
Jun	116.0	116.0	
Aug	111.0	111.0	

Turnover 100 (15) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	375-375½	239¼-239¾
Opening	373¾-374¼	237¼-237¾
Morning fix	373.85	238.455
Afternoon fix	374.25	238.528
Day's high	375¼-375¾	
Day's low	373½-374	
Coins	**$ price**	**£ equivalent**
Mapleleaf	385-390	246½-248½
Britannia	385-390	245½-248½
US Eagle	385-390	245½-248½
Angel	385-390	245½-248½
Krugerrand	374-377	238½-240½
New Sov.	88-89	56-56¾
Old Sov.	88-89	56-56¾
Noble Plat	492.45-500.25	314.15-319.15
Silver fix	**p/fine oz**	**US cts equiv**
Spot	329.15	515.75
3 months	341.80	526.95
6 months	354.05	537.75
12 months	377.20	558.60

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Jan	Nov	Jan
1650	108	85	29	59
1750	52	51	73	112
1850	21	25	141	182
Copper (Grade A)	**Calls**		**Puts**	
2550	163	149	65	129
2650	109	106	110	189
2750	68	74	168	247
Coffee	**Jan**	**Mar**	**Jan**	**Mar**
650	84	86	21	34
700	35	60	42	58
750	17	40	74	88
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
650		69		27
700	35	42	21	50
750	15	24	51	82
Brent Crude	**Dec**	**Jan**	**Dec**	**Jan**
1850	54	52	2	45
1900	18	30	12	72
1950	2	16	45	

US MARKETS

IN THE METALS, prices rallied sharply in the gold, silver and platinum, reports Drexel Burnham Lambert. A softer US dollar and lower stock prices were noted. Short covering ahead of Friday's unemployment data was also supportive. Gold closed up 6.00 at 382.90 basis December. Copper closed lower from mostly technical action. In the softs, consolidation was seen in sugar after Wednesday's volitile session. March sugar gained 8 to close at 1461. Coffee prices were higher as buying against options supported the futures. Cotton featured two-sided activity as scattered profit taking pared some of the recent gains. The grain markets all advanced on light volume. Rumors of Russia buying corn, wheat and meal was noted. In the livestocks, pork bellies continued higher with the February contract up 112. The energy complex featured heavy back month spreading in the crude oil. Heating oil and gasoline were mixed.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Nov	380.4	374.2	381.0	374.8
Dec	382.9	376.9	384.8	376.6
Jan	385.1	379.0	382.5	382.5
Feb	387.4	381.2	389.5	381.1
Apr	391.6	385.4	393.0	385.2
Jun	395.8	389.6	396.5	390.0
Aug	399.8	393.6	0	0
Oct	404.1	397.9	0	0
Dec	382.9	376.9	384.8	376.6

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Nov	491.2	488.1	488.1	488.1
Jan	498.7	492.6	501.0	492.0
Apr	503.2	497.0	504.6	499.5
Jul	507.8	501.6	509.5	502.5
Oct	513.2	506.4	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Nov	525.5	515.0	525.0	525.0
Dec	529.0	518.9	530.0	518.5
Jan	531.9	521.7	0	0
Mar	540.5	530.2	541.5	530.0
May	548.2	537.8	548.0	538.0
Jul	556.0	545.5	554.5	545.5
Sep	563.9	553.3	560.0	555.0
Dec	575.1	564.6	575.0	565.5
Jan	578.7	568.3	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Nov 1	Oct 31	mnth ago	yr ago
1859.9	1851.3	1868.3	1893.6

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	131.01	129.84	129.94	137.34
Futures	129.91	129.63	131.26	140.61

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	113.10	116.25	113.00	113.00
Dec	113.40	116.50	115.90	113.10

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Dec	20.16	20.07	20.38	20.02
Jan	19.85	19.78	20.02	19.74
Feb	19.63	19.58	19.78	19.54
Mar	19.50	19.42	19.60	19.39
May	19.27	19.16	19.35	19.12
Jun	19.15	19.03	19.16	19.14
Jul	19.05	18.90	19.05	18.99
Aug	18.92	18.78	18.92	18.78
Sep	18.82	18.71	18.88	18.80

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Dec	6045	6036	6096	6000
Feb	5885	5875	5935	5860
Mar	5645	5641	5695	5600
May	5235	5216	5270	5225
Jun	5130	5091	5140	5090
Jul	5095	5043	5095	5060
Aug	5140	5093	5140	5120

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	965	974	973	963
Mar	977	989	985	967
May	987	999	994	979
Jul	1003	1013	1008	997
Sep	1020	1034	1021	1010
Dec	1050	1060	1058	1039
Mar	1077	1087	1075	1064

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	75.43	72.54	75.70	72.60
Mar	77.23	74.58	77.40	74.50
May	79.45	76.75	79.60	76.30
Jul	81.63	79.00	81.70	78.50
Sep	83.25	80.90	83.25	81.00
Dec	86.65	84.28	86.65	84.50
Mar	89.25	86.65	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	14.15	14.20	0	0
Mar	14.61	14.53	14.65	14.50
May	14.31	14.28	14.35	14.22
Jul	14.02	14.00	14.09	13.98
Oct	13.50	13.51	13.58	13.48
Mar	12.98	13.03	12.98	12.98

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Dec	75.68	75.62	76.60	75.10
Mar	77.42	77.42	78.40	76.85
May	78.14	78.17	78.85	77.50
Jul	78.00	77.90	78.70	77.60
Oct	70.85	70.80	71.00	70.70
Dec	67.90	67.96	68.00	67.50
Mar	68.65	68.48	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	130.60	130.60	131.25	130.30
Jan	126.50	125.95	126.95	125.70
Mar	126.80	126.05	126.85	126.20
May	126.90	126.50	127.20	126.75
Jul	127.15	126.80	127.50	127.00
Sep	127.30	127.00	0	0
Nov	126.50	126.20	0	0
Mar	125.50	126.20	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	566/4	561/6	568/6	564/0
Jan	581/2	576/2	583/4	578/2
Mar	594/2	589/2	595/6	590/6
May	603/6	598/4	605/2	600/0
Jul	611/2	605/4	612/0	607/2
Aug	611/0	605/0	612/0	607/2
Sep	596/4	588/0	597/4	593/0
Nov	592/2	585/6	593/0	587/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	19.34	19.16	19.45	19.22
Jan	19.53	19.36	19.67	19.43
Mar	19.94	19.77	20.06	19.82
May	20.30	20.09	20.41	20.18
Jul	20.60	20.42	20.70	20.50
Aug	20.67	20.42	20.75	20.60
Sep	20.80	20.47	20.85	20.70
Oct	20.95	20.57	20.95	20.80

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	184.3	182.6	184.6	183.2
Jan	182.7	181.3	183.4	182.1
Mar	181.8	180.4	182.6	181.2
May	181.0	179.2	181.5	180.0
Jul	179.9	178.1	180.7	179.0
Aug	179.3	177.5	180.2	179.0
Sep	179.5	177.5	179.8	178.0
Oct	178.5	176.5	179.0	178.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	240/4	237/4	241/4	239/0
Mar	244/4	242/0	245/4	243/2
May	248/2	246/6	249/4	247/2
Jul	251/2	250/2	253/0	251/0
Sep	242/2	242/2	244/2	242/2
Dec	238/4	238/4	240/2	236/4
Mar	245/2	245/2	0	0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	401/4	396/0	402/0	398/4
Mar	403/4	400/6	404/6	401/4
May	383/0	381/2	384/0	381/2
Jul	353/0	351/4	354/4	351/4
Sep	356/6	356/4	360/0	356/4
Dec	369/0	368/0	370/4	369/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	73.75	74.27	74.65	73.65
Feb	73.32	73.92	74.25	73.17
Apr	73.80	74.07	74.35	73.72
Jun	70.85	71.15	71.37	70.77
Aug	69.22	69.42	69.50	69.22
Oct	68.55	68.75	68.85	68.55

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	47.17	47.65	48.40	47.15
Feb	46.62	47.20	47.90	46.50
Apr	43.70	44.10	44.60	43.60
Jun	47.75	48.20	48.50	47.60
Jul	48.27	48.37	48.70	48.00
Aug	47.05	47.20	47.46	46.60
Oct	43.20	43.30	43.40	43.20
Dec	44.80	44.80	45.00	0

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	59.72	57.60	59.60	58.05
Mar	59.42	57.37	59.25	57.60
May	58.17	57.47	59.10	57.65
Jul	57.22	57.17	58.90	57.15
Aug	55.25	55.20	57.00	55.25

LONDON STOCK EXCHANGE

Shares close lower in uneasy trading

THE UK stock market's cautious recovery from last week's political surprises was checked yesterday by several quite separate developments. Trading volume remained unimpressive and Wall Street was again a discouraging factor at the close of the London market.

Share prices and sterling dropped suddenly in early trading in reaction to a newspaper report that a share trading scandal, allegedly involving a senior member of the British Government, was about to break. The stock market rallied after the trading screens carried denials by Government officials of any Cabinet resignation and the UK Transport Secretary, Mr Cecil Parkinson, said there was "no foundation" for suggestions that he was involved. However, shares were drifting down again in late dealings when the pound also turned off.

Account Dealing Dates		
First Dealings:		
Oct 16	Oct 30	Nov 13
Option Declarations:		
Oct 26	Nov 9	Nov 23
Last Dealings:		
Oct 27	Nov 10	Nov 24
Account Day:		
Nov 6	Nov 20	Dec 4

*New time dealings may take place from 8.00 am two business days earlier.

Some of the excitement was taken out of the speculative arena when Ford confirmed earlier reports by announcing a £1.6bn agreed bid for Jaguar, the UK luxury car manufacturer, which fell sharply as General Motors firmly ruled itself out as a counter-bidder. Ford's terms were below the market price for Jaguar shares which lost 50p as traders assumed that the bid saga has come to an end.

The disclosure of a record fall in UK official reserves last month, reflecting the official support given to sterling, was taken calmly. There was no further reaction from the equity market to this week's ruling by the UK High Court ruling some recent loan swap operations by a London local authority were illegal, although it is believed that this could threaten losses of up to £400m for the commercial banks involved.

At the close, the FT-SE Index was 6 points off at 2,154.1 after a session marked by renewed caution. The big institutions continued to stand aside, content with the profits already made in equities this year and unwilling to re-enter the markets until the outlook becomes more clear.

Seaq volume at 348.4m shares was little better than the disappointing totals recorded earlier in the week. Statistics from the Stock Exchange show that equity trading by value has remained in the £500m to £700m daily range recently, with the notable exception of last Friday when the market reacted to the resignation of the UK Chancellor of the Exchequer with a loss of 47 Footsie points and share volume of £1.09bn.

Traders claimed yesterday that dealing had become a little easier, but price spreads were still wide on a number of leading stocks – for example, several trading houses showed a 15 point spread on ICI quotations. The market sounded subdued at the close when dealers were again focusing on the outlook for sterling.

FINANCIAL TIMES STOCK INDICES

	Nov 2	Nov 1	Oct 31	Oct 30	Oct 27	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	83.87	84.43	84.81	84.45◆	84.37	89.02	89.29 (8/2)	83.75 (14/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.30	93.54	93.81	93.86	93.67	97.80	99.59 (15/3)	93.20 (19/10)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1731.3	1738.1	1721.4	1701.7	1678.5	1489.5	2008.6 (5/9)	1447.8 (3/1)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	220.3	221.7	219.5	223.8	209.5	175.3	223.8 (30/10)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2154.1	2160.1	2142.6	2112.2	2082.1	1837.6	2426.0 (5/9)	1782.8 (3/1)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield	4.77	4.78	4.80	4.85	4.92	4.89				
Earning Yld %(full)	11.45	11.43	11.54	11.68	11.85	11.80				
P/E Ratio(Net)(☆)	10.56	10.57	10.47	10.35	10.20	10.27				
SEAQ Bargains(5pm)	20,164	22,126	20,575	19,626	28,896	21,732				
Equity Turnover(£m)†	-	902.24	579.68	563.70	1088.22	1063.41				
Equity Bargains†	-	21,958	19,066	19,850	27,858	23,198				
Shares Traded (ml)†	-	318.2	446.2	417.1	529.7	393.7				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.47

Ordinary Share Index, Hourly changes — Day's High 1739.2 — Day's Low 1725.1

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1735.5	1725.7	1739.7	1734.8	1735.3	1735.5	1733.3	1734.1

FT-SE, Hourly changes — Day's High 2160.3 — Day's Low 2146.3

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2157.5	2147.7	2157.1	2159.0	2158.4	2158.9	2155.9	2157.5

GILT EDGED ACTIVITY

Indices*	Nov 1	Oct 31
Gilt Edged Bargains	90.8	91.2
5–Day average	92.8	96.1

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request. ◆ Corrected figure. London report and latest Share Index: Tel. 0898 123001.

Jaguar terms disappoint

Optimistic speculators in Jaguar shares were caught out twice yesterday – first when Ford Motor announced its 850p a share bid, about 80p below the overnight market price, and then a second time when General Motors seemingly put an end to any lingering hopes of a bidding contest with a statement which began: "GM will not bid for Jaguar."

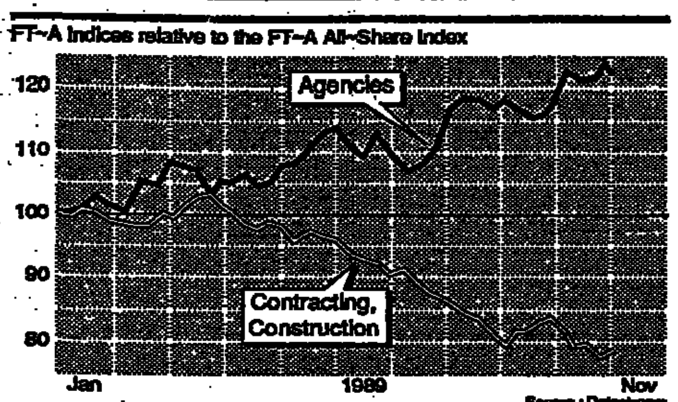
"It seems to be all over bar the shouting," said Mr Philip Wylie of Salomon International, adding that Jaguar appears to have extracted an excellent price from Ford which seems "to desperately need" the Jaguar marque.

On the Ford announcement, Jaguar slipped to 851p, indicating that at that stage hopes were still entertained for higher terms, if only to take out the stake believed to have been built up by GM. The price held up when Wall Street opened, despite selling from US arbitrageurs who sensed the end of the bid story more quickly than some London traders. "It made sense to take your profits and then buy just a few Jaguar in case of further developments," said one London dealer ruefully.

Jaguar tumbled after the GM statement, closing 50 down on the day at 829p with the price now allowing for the delay before shareholders receive the Ford cash. Turnover was high at 30m shares.

The GM statement not only put an end to hopes of a battle of the US motor titans, but discouraged hopes on other scores. The comment that GM had valued Jaguar significantly below 850p a share and had not bought shares since its valuation seemed to dampen chances of a new rival bid at this stage.

FT-A Indices relative to the FT-A All-Share Index



The focus on special situation stocks is reflected in the strong performance of the agency sector, which has featured WPP, Reuters and Carlton Communications. Construction issues have been hit by the successive increases in UK interest rates.

Fisons flurry

A flurry of buying in Fisons followed the revelation that the company is researching into a class of drugs used in organ transplants. The first of the drugs is set to enter clinical trials within six months.

Mr Ian Smith of the pharmaceuticals research team at Shearson Lehman said that the news underlined his buy recommendation on Fisons. This was a new area of research for the company more usually known for its asthma treatments. He said that sales of the main transplant drug today, Cyclosporin, made by Swiss company Sandoz, were $450m a year, adding that this class of drugs (immunosuppressants) were finding applications in other fields of medicine.

A more cautious view was ventured by another long standing supporter of the stock, Mr Ian Moore at UBS Phillips & Drew. He said that although immunosupressant sales could be worth $3bn a year by 1995, it would take until then for the Fisons product to reach the market. "I would not be a buyer on this story," said Mr Moore. Fisons closed 7 better at 334p on good volume for the stock of 2.8m shares.

Guinness wanted

The ending of a complex French legal case concerning control of LVMH, the French drinks and luxury goods group, sparked interest in Guinness, which has a 24 per cent stake in the company.

LVMH has only 12 per cent of Guinness but the two companies have signalled that LVMH will eventually increase its stake to make the cross-sholding symmetrical. The legal case was seen as a main obstacle to that arrangement being fulfilled.

Ms Michelle Proud, of the brewers team at County NatWest WoodMac, said: "If this tangle is cleared up and out of the way, Guinness will probably issue 120m shares at a premium to the current price – perhaps 650p to 700p. And it would be earnings enhancing."

Some in the market felt that the next stage would be even more drastic, with Guinness free to take a more dominant role in the joint relationship.

But industry observers cast doubt on the notion. They pointed out that Guinness already had the distribution deals it wanted from LVMH, that it had taken a diplomatic stance over the various wrangles, and that it was wary of causing a political backlash over a foreign interest in what one analyst described as "a quintessential French company."

Guinness advanced 11 by the close to 609p, having touched a high of 614p, on busy turnover of 2.4m shares.

STC seesaw

STC seesawed during a turbulent session, the shares moving up to 289p at first, one of only a handful of Footsie stocks to make strong progress, on the back of some determined buying interest, only to fall sharply late in the day.

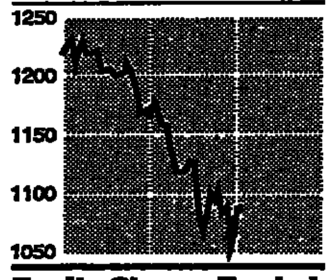
The early buying was thought to have reflected growing optimism over the company's exposure, via its Datachecker subsidiary, to the electronic point of sale market, highlighted by Marks and Spencer on Wednesday as one of the factors behind its excellent interim results.

But the STC share price began to wilt in mid-session on news of a profits downgrading by SG Warburg Securities. The securities house was said to have lowered its current year forecast to £260m, from £263m, and for next year from £293m to £275m. Warburg is thought to be more cautious on prospects for CCI and Datachecker, the two recent US acquisitions. But the securities house is said to be retaining its fundamental "add" stance on the stock.

The life assurance market was again highlighted by Sun Life where some concerted buying by one leading UK securities house was thought to have been on behalf of UAP, the French insurance group, which has been in the market to top up its holding from the last-announced figure of 22.4 per cent. The French group was thought to have acquired in excess of 1m Sun shares yesterday and to be within an ace of reaching its target level of 26 per cent.

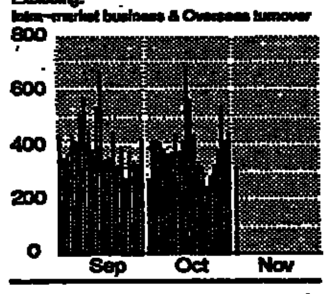
Composites fell across the board with the market said to be nervous about the probability of heavy subsidence claims by householders after the drought conditions experienced during the exceptional summer. "Although subsidence would be a sector-wide problem, Sun Alliance, the composite with the biggest number of UK householder accounts, would be particularly affected," said Mr Simon Willis insurance analyst at County NatWest WoodMac. Sun Alliance shares dipped 4 to 288p on big turnover of 5.1m shares. Royal Insurance slipped 7 to 456p.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Shares in MEPC, among the UK's largest property companies, edged higher to 499p during initial exchanges but suddenly came under pressure towards the end of the morning session as the market picked up the scent of a big share placing.

Some 6m shares were placed at 480p a share by SG Warburg Securities and were thought to have been sold on behalf of Eagle Star, the BAT subsidiary, reducing Eagle's holding to some 3m MEPC shares. The placing was said to have been oversubscribed some 2½ times. At the close MEPC shares were 9 off at 488p with turnover expanding to 11m.

Johnson Matthey, the precious metal refiners, raced up 10 more to 370p with Charter Consolidated, one of the companies under the Harry Oppenheimer/De Beers/Anglo American umbrella, thought to have been adding to their near 39 per cent holding.

Further consideration of Wednesday's interim figures from Reed International helped the shares climb another 6 to 403p. Good two-way trading meant a high closing volume for the stock of 2.7m shares, helped by stories of an planned ADR listing.

News that Mr Conrad Black, the Canadian media entrepreneur who is chairman of the Daily Telegraph, was seeking collaborative agreements with United Newspapers initially weakened the shares sharply. Mr Black's a stake of more than 8 per cent in United has been the basis of persistent bid speculation.

Suggestions that United's management took a dim view of the notion of collaboration encouraged dealers to believe that a bid was, once more, a good possibility. The shares had fallen to 333p, but they recovered by the close to 445p, a net decline on the day of just 3.

The market became increasingly convinced during the day that the bid for DRG by Bermuda-based Pembridge Investments would be given the go-ahead by the Office of Fair Trading at the start of official business today. DRG climbed steadily to close at 577p, up 18 on the day but still below Pembridge's 590p-a-share offer.

Saatchi & Saatchi advanced 12 to 318p on good turnover of 3.1m shares, in the wake of a UBS Phillips & Drew recommendation, which was said to have triggered strong Continental buying interest. Mr Robert Louis-Dreyfus takes over as Chief Executive of Saatchi on January 1 and dealers expect strong support for Saatchi shares from French investors.

A buy recommendation on Securicor and its 50.7 per cent owned subsidiary Security Services, issued by Mr Rob Collins at Kleinwort Benson, saw shares in both groups move race ahead. Securicor "A" jumped 30 to 795p and Security Services 35 to 603p. Mr Collins described the two as "the cheapest UK cellular investments," via their joint 40 per cent holding in Cellnet. He said that Securicor will eventually dispose of its investment in Cellnet and distribute the proceeds directly to shareholders. "We believe that the holding in Cellnet is worth more to BT or a third party than to Securicor," said the Kleinwort analyst.

Analysts at Morgan Stanley cut their profits and dividend forecasts for Storehouse to leave the shares 2 lower at 114p.

A 53 per cent improvement in full year profits to £17.65m from WM Low helped the shares advance 10 to 306p.

Official dealings in Euro Disneyland start next week and the the when-issued form shares advanced 23 to 843p

The likely delay for a Channel tunnel rail link did nothing to help Eurotunnel. The shares slipped 17 to 533p.

Profit taking took its toll of British Aerospace and Vickers after strong performances on Wednesday. BAe shed 14 to 543p while Vickers eased 8 to 216p.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 23

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	3,800	137	-4	Courtaulds	918	355	+1	LASMO	589	518	-1	Saatchi & Saatchi	3,100	318	+12
Abbey National	1,300	145	+1	Dalgety	1,100	364	+4	Lonrho	596	258		Sainsbury	720	255	+1
Allied-Lyons	2,750	446	-7	Dixons	1,680	111	-2	Lucas	189	597	-4	Scott & Newcastle	341	356	
Amstrad	823	49	-2	Eng. China Clays	700	402	-1	MB Group	515	186		Sears	3,300	109½	-1½
Argyll Group	2,300	218		Enterprise Oil	99	601	-5	MEPC	11,000	488	-9	Sedgwick	855	268	-2
Ass. Brit. Foods	1,000	385	-2	Fisons	2,800	334	+7	Marks & Spencer	2,500	189		Shell Transport	1,400	425½	+1½
BAA	312	338		General Accident	441	1016	-9	Maxwell Comm.	1,009	227	-5	Siebe	204	450	-5
BAT Inds.	450	747	-6	General Elect.	1,400	223½	-½	Mecca Leisure	635	154	-3	Slough Ests	394	291	-7
BET	1,200	265	-5	Glaxo	1,800	1439	+26	Midland Bank	753	318	+2	Smith & Nephew	4,500	134	-2
BICC	483	450	-5	Globe Inv.	78	177½	-1½	NatWest Bank	767	298	+1	SmithKline Beecham	1,100	549	-1
BOC	635	494	+1	Glynwed Int.	98	234	-1	Next	354	109		Smiths Industries	212	258	-2
BPB Inds.	393	232	+1	Granada	75	294		Northern Foods	62	297	-3	Standard Chartered	288	493	
BTR	978	413	+6	Grand Met.	2,800	508	-7	Pearl	109	633	-1	Storehouse	924	114	-2
Barclays	470	465	+1	GUS A	305	1620	+5	Pearson	27	688	-1	Sun Alliance	5,100	288	-4
Bass	225	955	-6	GRE	948	218	-1	P & O	854	565	-6	T&N	36	189	-2
Blue Circle	1,300	216		GKN	923	384		Pilkington	381	224	-3	TI Group	668	419	-3
Boots	581	262	-4	Guinness	2,400	608	+13	Polly Peck Intl.	365	333	-1	TSB	1,708	109	+4
Brit. & Comm.	782	117	+1	Hammerson "A"	121	760		Prudential	1,100	191	-1	Tarmac	1,000	242	-2
Brit. Aerospace	335	533	-14	Hanson	6,100	209	+½	RHM	492	430	+3	Tate & Lyle	1,200	259	-2
British Airways	5,600	195		Harrisons & Cros.	298	145	+1	RMC	80	615	-1	Taylor Woodrow	42	272	
British Gas	3,800	188	-1	Hawker Siddeley	215	689	-6	RTZ	1,500	516		Tesco	6,300	182	
British Land	77	382	-6	Hillsdown Hldgs	559	276	-1	Racal	831	221	-9	THORN EMI	460	738	-3
BP	2,500	297		IMI	849	215	-4	Rank Org.	145	825	-13	Trafalgar House	686	330	-8
British Steel	4,800	126	-1	ICI	2,000	1087	-5	Reckitt & Colman	70	1130	-6	Trusthouse Forte	2,070	279	
British Telecom	3,300	250	-4½	Inchcape	680	273	+5	Redland	205	514	-1	Ultramar	753	327	+8
Burmah Oil	352	677	-2	Jaguar	29,954	829	-50	Reed International	2,708	403	+6	Unilever	1,900	651	-3
Burton	755	194	-2	Kingfisher	552	283	-3	Reuters	479	909	-5	United Biscuits	688	349	-2
Cable & Wireless	1,100	487	-3	Ladbroke	1,800	279	-3	Rolls Royce	1,000	162	-1	Utd. Newspapers	2,100	445	-3
Cadbury Schweppes	1,300	347	-3	Land Securities	253	501	-5	Rothmans	39	669	-4	Wellcome	1,006	667	+1
Carlton Comms.	1,100	790	+12	Laporte	164	458		Royal Bk of Scotland	66	162		Whitbread "A"	586	353	-7
Commercial Union	430	451	-2	Legal & General	241	359		Royal Insurance	2,300	456	-7	Williams Hldgs.	1,200	223	
Cookson	294	298	-4	Lloyds Bank	250	363	+2	STC	3,500	277	-8	Wimpey	286	226	+1

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (24).
LOANS (1) Nationwide Anglia 11⅞pc 6.11.89, AMERICANS (3) FPL, Hasbro, Houston, CANADIANS (2) BC Gas, Royal Bank Canada, BUILDINGS (2) Intl. Amco, Smart (J), INDUSTRIALS (2) Flogas, ISS-Int Serv. Sys B, INSURANCE (5) Alexander & Alexander, Lincoln Nat, Marsh McLen'n., Sun Life, Taisho, MOTORS (1) Jaguar, TRUSTS (2) Fleming Far Eastern, Precious Metals Tst., OILS (2) Burmah, Presidio Oil A, MINES (4) Afro-West, Dominion Mining, Homestake Mining, St. Helena.
NEW LOWS (59).
BRITISH FUNDS (8) Conversion 9pc Ln 2011, Treasury 6½pc 2008-12, Treasury 7¾pc 2012-15, Exchequer 12pc 2113-17, Consols 2½pc, Consols 4pc, Treasury 2½pc, War Loan 3½pc, INT.BANK & O'SEAS GOVT. STLG. ISSUES (1) Australia 13½pc 2010. FOREIGN BONDS (2) Hydro Quebec 15pc 2011, Ireland 9¾pc 1991-96, AMERICANS (2) Brunswick, General Host, CANADIANS (1) Muscocho, BUILDINGS (4) Abbey, Gibbs & Dandy, Rush & Tompkins, SWP Group, STORES (3) Ashley (Laura), Empire Stores, Honeysuckle, ELECTRICALS (5) AB Electronic, Hewlett-Packard, Kode Intl., Pressac, Rivs, INDUSTRIALS (7) Diploma, Grampian Hldgs., Gt. Southern, High-Point, Kershaw (A), Lynx Hldgs., Sale Tilney, LEISURE (1) Mecca Leisure 7.25p Pf., MOTORS (1) Spice, PAPERS (1) Esso-Gutzeit, PROPERTY (2) Land Securities 10pc Deb. 2030, Salmon, TEXTILES (1) Mackay Hugh, TRUSTS (11) Aothy Inv., Dundee & London, Edinburgh Fd Man., Moorgate, New Throg Inc, Nth. Brit. Canadian, Sumit, Throg USM Tst., Tyndall, UTC, Vantage Securities, OILS (1) Enterprise Oil 10¾pc 2013.

APPOINTMENTS

Supervising banking

■ Mr Andrew Caldecott, chairman of the M&G Group, has been re-appointed as an independent member of the BANK OF ENGLAND's board of banking supervision. Also appointed as independent members are Mr Peter Leslie, deputy chairman of Barclays Bank, and Mr David Montagu, executive chairman of Rothmans International. All are appointed for five years.

■ Mr John Frith has been appointed chairman of DEACON HOARE GROUP, Bristol. He was finance director of C. & J. Clark. Mr Peter Garner, founder of the group, retains overall day-to-day control as chairman of the operating subsidiaries. Mr Geoffrey Carter, chief executive of Deacon Hoare Corporate Finance, has joined the group board.

SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY has appointed Mr Bill Rees (above) as assistant general manager (life) from November 7. He is claims manager, a post he will retain.

■ Mr Tony Welford has joined POSTIPANKKI (U.K.), London, as an executive director responsible for treasury. He was vice president and deputy general manager at State Street Bank and Trust Co, London.

■ Dr John Sargent has been appointed a non-executive director of Exeter Trust, and Exeter Trust (Holdings), part of PROVINCIAL GROUP.

■ Dr John Roberts has been appointed a non-executive director of CROWN INDUSTRIAL GROUP, Altrincham.

■ Mr Anthony Davies has been appointed a director of FOWLER COATES. He was deputy chairman of Streets Communications.

■ UNITED PROFESSIONAL SYSTEMS, Bristol, has appointed Mr Mike Cast as business development director, a new post. He was with Unisys.

■ Sir James Cleminson, chairman of the British Overseas Trade Board, has joined the board of J.H. FENNER (HOLDINGS) as a non-executive director. He is chairman of Jeyes Hygiene, and Riggs AP Bank, and deputy chairman of Norwich Union.

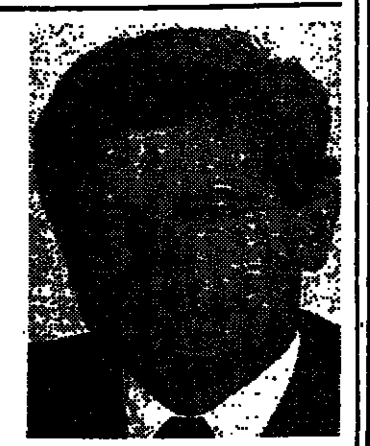
Dan-Air post

■ Mr John E. Denman has joined DAN-AIR as financial director airline division and associate director Dan-Air Services. He was heading the financial function at British Caledonian Airways. Mr Peter Cunningham, Dan-Air's capacity planning manager (air traffic services and airport), has been appointed assistant director general-technical with the INTERNATIONAL AIR CARRIER ASSOCIATION.

■ Mr John Galloway joins the board of ASDA STORES from November 7. He was board member responsible for superstore operations at Gateway, and previously was 25 years with J. Sainsbury.

■ Mr Martin Hall has been appointed an assistant general manager of THE MITSUI BANK, London branch, and head of the new aircraft finance group. He was a vice president with Chemical Bank's special finance group.

■ TOKAI INTERNATIONAL has appointed Mr John Clark as head of Yen bond trading in London; and Mr Duncan Larraz to lead Yen arbitrage. Both were with Merrill Lynch.



COLDSTREAM DISTRIBUTION, part of Express Foods Group (International), has appointed Mr Paddy O'Flynn (above) as managing director. Mr Brian Salter becomes primary distribution director, and Mr John Williams is made director responsible for the bulk farm fleet and tanking.

■ Mr Allan Daniel has been appointed managing director of FARNELL ELECTRONIC COMPONENTS, and chief executive officer of the group's components distribution division. He succeeds Mr Ken Gledhill who has retired.

■ Mr Robert Thian has been appointed chief executive of NORTH WEST WATER GROUP from January 1. He was vice president of Novo Industries, Denmark. Prior to that he was with Abbott International and Glaxo Pharmaceuticals.

FT UNIT TRUST INFORMATION SERVICE

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Metropolitan Unit Trust Mngrs Ltd (1000)F						
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184						
Eurogrowth Plus	6	63 61	64.66	68.79	+0.11	0 69
Global Growth	5¼	45 30	45.30xd	48 19	+0 17	0 52
Global Income Acc.	5¼	60.09	60 36	64.21	+0 20	3.11
Do Income	5¼	56 30	56.55	60 16	+0 19	3.32
Surrise Accum	6	67 43	68.64	73.02	+0 07	0 00
UK Growth Acc	5¼	54.72	54.72	58 21	+0.22	1.72
UK Income Acc	5¼	63.48	65 18xd	69 34	+0 44	4.33
Do Income	5¼	59 09	60 67xd	64 54	+0 40	4 65
Midland Unit Trusts Ltd (1200)F						
192 Eyre Street, Sheffield, S1 3RD 0742 529888						
British Tst	6	57 00	57.47	61 47	+0 10	3 19
(Accum Units)	6	57.93	58 41	62 47	+0 10	3.19
Capital	6	112.8	115.3	123 3	+3.0	2.46
(Accum Units)	6	163.2	166.8	178 4	+4.4	2.46
European Growth	6	138.3	138.3	147.4	+0.10	0.89
(Accum Units)	6	170.2	170.2	181.9	+0.10	0 89
Extra High Inc	6	66.91	68 22xd	72.96	+0 01	7.40
(Accum Units)	6	92.88	94.72	101.3	...	7 40
Gilt & Fxd Int	4	49 94	49 95	52 17	-0 18	8 81
(Accum Units)	4	102.8	102 8	107.4	-0.40	8.81
High Yield	6	191.6	195 1	208.7	-4 6	5 83
(Accum Units)	6	378.0	384.8	411 6	+0 60	5 83
Income	6	232.1	235 2	251.6	...	4.72
(Accum Units)	6	419 5	425.2	454 8	+1 0	4 72
Intl High St UT	6	57 27	57.27	61.25	+0.21	1.58
(Accum Units)	6	59 04	59 04	63 14	+0.22	1.58
Japan Growth	6	420.8	420 8	450 8	......	0 00
(Accum Units)	6	442.3	442 3	473 8	......	0 00
Mandarin Tst	6	63.15	63.22	67.61	+0.4	0.92
(Accum Units)	6	63.66	63.74	68 17	+0.04	0 92
Mngd P'folio Acc	6	71 50	72.27	77.29	+0 14	2.15
Money Market UT	4	49.16	49.16	51 12	+0.01	12.85
North American	6	126.7	128.8	137.8	+3.6	0 44
(Accum Units)	6	156 4	159 0	170 1	+4 3	0.44
Smaller Cos	6	156.3	156.3	167 2	-0 10	1 69
(Accum Units)	6	174 0	174 0	186.1	+0 20	1.69
Meridian Income	6	105 0	106.3xd	113.7	+0.10	4 03
(Accum Units)	6	109.7	111 2	118.9	+0 20	4.03
Meridian Growth	6	117.3	118.4	126.6	+0 40	2.24
Midland Personal Pension Unit Trust *						
British	6	57.71	58 49	62.22	+0 10	3 19
European Growth	6	63 14	63 29	67 33	+0.04	0 89
Gilt & Fixed	6	50 94	50.99	54 24	-0.20	8 81
Income	6	53 11	54 10	57 55	+0 2	4.72
Japan Growth	6	61 65	62 09	66 04	...	0 00
Managed	6	56 33	57 29	60 95	+0.11	2.15
Money Market	6	54 96	54.96	58.26	+0.01	12.85
North American	6	59 23	60.55	64 42	+0 53	0.44
Midland FSAVCS Unit Trust *						
British	6	53.72	54.44	57.92	+0.9	3.19
European Growth	6	60.51	60 65	64.52	+0 04	0 89
Gilt & Fixed Int	6	49.49	49 53	52.67	-0 20	8.81
Income	6	53.00	53 99	57.44	+0 01	4 72
Japan Growth	6	62 94	63 37	67.42	...	–
Managed	6	54 72	55 61	59 16	+0 11	2 15
Money Market	6	52.16	52.16	55 29	+0.01	12.85
North American	6	58 53	59.79	63 61	+0.51	0.44

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
International Gwth	5¼	362.88	362.88	388. 11	+2.62	1.44
Income	5	227.16	227 16xd	242 96	+0 92	4.95
W'wide Recovery	5¼	211 17	211.17	225 86	+1.07	1.45
American Growth	5¼	96 85	96.85	103.50	+1.75	1.35
Intl Emerging Cos	5¼	95 96	95 96	102 64	+0.67	0.92
Far East Gwth	5¼	140 85	140 85	150.65	+0.67	2.00
European Gwth	5¼	87.57	87.57	93 66	+0 18	1 10
UK Growth	5¼	43 20	43 20	46.21	-0.14	2 66
High Income	5¼	55 15	55.59	59.46	-0.27	6 60
Japanese Gwth	5¼	152.44	152 44	162 69	+1.38	0 01
PEP Gwth & Inc ♦	5¼	50 29	50 29	53.19	(z)	3.50
Phillips & Drew Unit Managers Ltd						
14 Finsbury Square, London EC2A 1PD 01-628 6070						
Charities Fxd Int		97.69	97 69	97.82	......	10.0
Charities Ind Lkd		103 97	103 97	104 12	......	2.4
UK Exempt		97.85	97.85	100.3	......	5.1
Charities Intl		110.84	112.20	113 91	+1.21	2.5
Prolific Unit Tst Mngrs Ltd (1200)H						
222 Bishopsgate, London EC2 01-247 7544/7						
American Income	5	67 51	67.84	72.40	+0.77	3 52
Conv & Gilt	5	119 9	121.1	130.0	-0.6	6.67
Euro Gwth & Inc	5	52.48	53.04	56 92	-0.30	1.78
Extra Income	5	127.0	128.8xd	137.7	+0 1	5.11
Far East ♥	5	267 7	269.1xd	286 0	+1 4	0.01
High Income	5	83.99	84.67xd	90 48	-0.50	4.50
International	5	156 8	158 7xd	168.9	+0 7	0 50
Nth American	5	159.7	161.1xd	172.4	+2.6	0 01
Pref & Fxd Int	5	45.01	45.91xd	49 25	-0 17	8.40
Special Sits	5	105.6	106.5	114 3	+0.3	1.73
Technology ♥	5	143 7	143.7	153.3	+0 8	0.25
Providence Capitol Fd Mngrs Ltd (1000)H						
30 Uxbridge Road, London W12 8PG 01-749 9111						
European Acc	5	126.80	126.80	136 00	+0.90	0.56
European Inc	5	121.80	121.80	130 60	+0 70	0.56
Japan Acc	5	129.30	129.30xd	138.50	-0.20	0.00
Japan Inc	5	129.10	129 10xd	138 50	-0.10	0.00
Nth American Acc	5	68.93	68.93	73.32	+0.34	1.40
Nth American Inc	5	66 07	66.07	70 29	+0 34	1 40
UK Equity Acc	5	79.59	79.59	85 70	+0 07	3.19
UK Equity Inc	5	72.17	72 17	77.71	+0 07	3.19
Worldwide Acc	5	110 70	110 70xd	118.30	+0.50	0.31
Worldwide Inc	5	106. 10	106.10xd	113 40	+0 60	0.31
UK High Inc Eq Acc	5	76.11	76.11	82.64	+1.00	6.19
UK High Inc Eq Inc	5	66 97	66.97	72.72	+0.88	6.19
Hong Kong Acc	5	47.49	47.49	50.65	+0.20	2.81
Hong Kong Inc	5	45.33	45.33	48.35	+0.20	2.81
Swiss Equities Acc	5	38.67	38.67xd	41.53	-0.29	1 12
Swiss Equities Inc	5	37.97	37 97xd	40.77	-0 29	1 12
W'wide Bond Acc	5	56.38	56.38xd	59.47	+0 28	5 70
W'wide Bond Inc	5	53 65	53 65xd	56.58	+0 26	5 70
Emerging Asia Acc	5	94 17	94.17	100.90	+0.60	0 00
Emerging Asia Inc	5	94.17	94 17	100.90	+0.60	0.00
UK Money Mkt Acc	0	50.84	50 84	50 84	+0 01	14 00
UK Money Mkt Inc	0	50 84	50 84	50.84	+0.01	14 00
Thailand Inc	5	47 04	47.04	50 24	+0 25	0 61
Thailand Acc	5	47.04	47.04	50.24	+0.25	0.61
Provident Mutual Unit Tst Mngrs Ltd (0905)H						
25-31 Moorgate, London EC2R 6BA. 01-588 3963						
PM Equity Gth	5	112.1	112.1	119 2	+0 3	2.89
PM Income & Gth	5	91.54	91.54	97.38	+0.06	4.49

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♣ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
Wellington Fund Mngrs Ltd (1200)F						
2, London Bridge, SE1 01-407 4404						
Wellington Income	5¼	132.3	134.0xd	142.5	+1.9	5.58
Wellington Growth	5¼	214.0	216.0xd	229.8	+0.8	1.47
Wessex Asset Management (1330)F						
1 Richmond Hill, Bournemouth BH2 6HW 0202 299432						
Wessex UK Gwth	4½	104.9	106.5	113.1	-0.2	2.54
Whittingdale Unit Tst Mgmt Ltd						
2 Honey Lane, London EC2V 8BT 01-606 5152						
Challenger & F	2½	60.89	60.89xd	62.46	+0.25	0.27
Short Dtd Gilt ♦F	1½	81.52	81.52	82.64	-0.07	6.89
US Govtml Bond ♦F	1¼	5.5749	.5749xd	.5824	[illegible]	0.00
Willbro Financial Services Ltd (0905)F						
PO Box 515 Austin Friars, London EC2 01-588 7511						
Aust Friars W'wide	5	186.4	189.6	201.7	.....	2.62
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London WC2B 6SD 01-405 8331						
Convtbl & Equity	5	55.99	58.82	62.57	-0.14	7.52
European	5	74.04	74.04	79.61	+0.29	0.10
Far Eastern	5	62.38	66.38	70.61	-0.08	0.45
Growth Inc	5	76.40	79.89xd	84.99	-0.19	1.61
Growth Acc	5	76.47	79.96xd	85.06	-0.19	1.61
Income Inc	5	73.72	76.05xd	80.89	-0.52	5.24
Income Acc	5	73.82	76.15xd	81.00	-0.52	5.23
Property Share	5	47.71	47.71	50.85	+0.24	1.10
Smaller Co's	5	49.26	49.26xd	52.51	.....	1.81
Nth American	5	63.85	63.85	68.28	-3.06	1.61
International	5	48.93	48.93	52.33	+0.21	1.42
Asset Value	5	153.23	153.23	163.88	+0.19	4.43
Wright Seligman Fund Mngrs Ltd (1700)F						
11 Blomfield St, London EC2M 7AY 01-588 0592						
Intl Growth	5	111.71	111.71	117.59	.....	0.99
UK Growth	5	90.17	90.17	94.91	.....	3.16
UK Income	5	94.07	94.07	99.03	.....	4.54
Weekly dealing day Tuesday						
The Yorkshire Unit Tst Mngrs Ltd (1100)F						
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250						
Yorkshire General	5¼	55.38	57.70	61.39	+0.08	2.95
YUTM UK Eqty Inc Tst	5¼	56.07	56.07	60.36	+0.19	4.97
YUTM Intl Gwth Tst	5¼	55.16	55.16xd	58.86	-0.09	0.75

OTHER UK UNIT TRUSTS

INSURANCES

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Premium Life Assurance Co Ltd

37-39, Perrymount Road Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	121.0	128.0	-1.0	-
Building Soc. Fd	176.0	186.0	.....	-
Balanced	273.0	288.0		-
European	134.0	134.0	-1.0	-
GT Managed	185.0	195.0	+1.0	-
Gartmore Mngd	126.0	133.0	...	-
German	141.0	149.0		-
Gilt	173.0	183.0	.....	-
Global	48.0	51.0		-
High Inc.	107.0	113.0		-
International Equity	189.0	199.0	-1.0	-
Japan	276.0	291.0		-
Managed	56.0	59.0		-
Property	294.0	310.0		-
R. W. Imperial Gold	149.0	157.0		-
UK Equity	312.0	329.0		-
Pension Funds				
American	154.0	163.0		-
Building Soc. Fd	179.0	189.0		-
Balanced	217.0	229.0		-
European	187.0	197.0		-
German	125.0	132.0		-
Gilt	154.0	163.0	...	-
International Equity	141.0	149.0		-
Japan	146.0	154.0		-
Managed	61.0	65.0		-
Property	225.0	237.0		-
UK Equity	300.0	316.0		-

Professional Life Assurance Co Ltd

Prolific Life & Pensions Ltd

Prudential Holborn Pensions Ltd

Prudential Pensions Limited

Regency Life Assurance Co Ltd

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
100	98⅝	Exch 10¼pcCv '89	100xd	.....	–	–
101⅞	99⅞	Treas 13pc 1990‡‡	99⅞	.....	13.07	14.88
133	124	Treas 2pc IL '90(84.6)	133	+⅛	2.09	9.98
99¾	98⅛	Exch 11pc 1990‡‡	98⅞	.....	11.12	14.47
101⅞	99⅛	Exch. 12½pc 1990	99⅛	–⅛	12.60	14.68
95⅞	91⅛	Treas. 3pc 1990	95⅝xd	.....	3.13	11.60
97¼	95⅝	Treas 8¼pc 1987-90‡‡	96⅞	–⅛	8.51	13.58
98⅛	95¼	Treas. 8pc Cv 1990 ‡‡	96⅛	–⅛	8.30	13.56
98⅛	96⅛	Treas. 10pcCv 1990	96⅞	–⅛	10.33	13.59
93⅞	87⅞	Exch 2½pc 1990	92⅞xd	–⅛	2.70	10.00
101⅞	98⅛	Treas 11¾pc 1991	98⅞	–⅛	11.94	13.19
93¼	89⅞	Funding 5¾pc '87-91‡‡	92¼	.....	6.20	11.43
90⅞	86⅛	Treas. 3pc 1991	90½xd	–⅛	3.32	9.88
100⅛	95½	Treas 10pc Cv '91 ‡‡	96⅛	–⅛	10.40	10.57
101⅞	96⅞	Exch. 11pc 1991	97⅞	–⅛	11.29	12.48
94⅛	91⅛	Treas. 8pc 1991	91⅞	–⅛	8.70	12.44
106⅞	100⅞	Treas 12¾pc 1992‡‡	101⅞	–⅛	12.57	11.96
99½	95⅞	Treas 10pc 1992	96	–⅛	10.41	11.99
94⅛	90⅞	Treas. 8pc 1992 ‡‡	91¼	–⅛	8.72	12.00
100¾	96⅛	Treas 10½pc Cv 1992‡‡	97⅛xd	–⅛	10.80	11.82
85⅝	82¼	Treas. 3pc 1992	84⅞	.....	3.55	9.89
105⅞	100⅜	Exch. 12¼pc '92	100⅞	–⅛	12.14	11.83
109¼	103⅞	Exch 13½pc 1992	104⅞	–⅛	12.96	11.72
94⅛	90⅞	Treas 8¼pc 1993	91	–⅛	9.07	11.61
100⅞	95⅛	Treas 10pc 1993‡‡	95⅞	–⅛	10.43	11.47
108¼	102⅞	Treas 12½pc 1993‡‡	103	–⅛	12.14	11.46
88⅛	84⅛	Funding 6pc 1993‡‡	86⅞	–⅛	6.90	10.16
113¼	107⅞	Treas 13¾pc 1993‡‡	107⅝xd	–⅛	12.79	11.39
94⅞	89¼	Treas. 8½pc 1994	90⅛	–⅛	9.41	11.41
117⅞	111⅛	Treas 14½pc 1994‡‡	111⅞	–⅛	13.06	11.20
113⅞	107⅛	Exch 13½pc 1994	107⅞	–⅛	12.57	11.34
100⅝	95⅞	Treas. 10pc Ln. 1994‡‡	95⅞xd	–⅛	10.44	11.19
110¼	104⅛	Exch. 12½pc 1994	104⅞	–½	12.00	11.32

Five to Fifteen Years

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
96⅞	91⅛	Treas 9pc 1994‡‡	92⅛xd	–⅛	9.78	11.10
108⅞	102⅞	Treas 12pc 1995	102⅞	–⅛	11.68	11.27
79⅞	72	Exch 3pc Gas 90-95	76	–½	3.95	8.57
101⅞	95¾	Exch. 10¼pc 1995	96⅛	–⅛	10.66	11.15
113⅞	107⅛	Treas 12¾pc 1995‡‡	107⅛xd	–⅛	11.88	11.02
119⅞	112	Treas. 14pc '96	112⅛	–⅛	12.48	11.20
97½	91⅛	Treas. 9pc 1992-96‡‡	91¼	–⅛	9.82	10.84
126⅞	119⅞	Treas 15¼pc 1996‡‡	119⅞	–⅛	12.81	11.07
117⅞	110	Exch 13¼pc 1996‡‡	110⅛xd	–⅛	12.03	11.02
101⅞	94⅛	Conversion 10pc 1996	95⅛xd	–⅛	10.45	10.88
118½	110¼	Treas 13¼pc 1997‡‡	111⅛	–⅛	11.93	10.96
104⅞	97⅛	Exch 10½pc 1997	98	–⅛	10.70	10.87
95⅞	88¾	Treas 8¾pc 1997‡‡	89⅞	–⅛	9.72	10.65
128⅝	120⅛	Exch 15pc 1997	120⅞	–⅛	12.47	11.09
100⅞	93⅞	Exch. 9¾pc 1998	94½	–⅛	10.32	10.76
84⅞	78⅝	Treas 6¾pc 1995-98‡‡	80¼	–⅛	8.44	10.35
134⅞	125⅛	Treas. 15½pc '98‡‡	125⅞	–⅛	12.34	10.92
113⅞	105¼	Exch. 12pc 1998	106½xd	–⅛	11.28	10.87
100⅝	93⅞	Treas 9½pc 1999‡‡	94⅛	–⅛	10.09	10.49
115⅞	107½	Exch. 12¼pc 1999	108⅛	–⅛	11.32	10.82
105⅝	97⅞	Treas. 10½pc 1999	98⅞xd	–⅛	10.63	10.71
104⅞	96⅛	Conversion 10¼pc 1999	97⅛xd	–⅛	10.54	10.70
94⅞	86⅞	Treas. 8½pc Ln 2000‡‡	87⅞	–⅛	9.67	10.43
97⅞	90	Conversion 9pc 2000‡‡	91	–⅛	9.89	10.44
122⅞	113⅛	Treas. 13pc 2000	113⅝	–⅛	11.45	10.82
103⅞	95⅝	Treas 10pc 2001	96½	–⅛	10.37	10.53
124⅞	115½	Treas. 14pc '98-01	116⅛xd	–⅛	12.05	11.03
102⅞	94⅛	Conversion 9¾pc 2001	95⅛	–⅛	10.27	10.49
113⅞	105½	Exch. 12pc '99-02	106⅛	–⅛	11.29	10.89
104⅞	96⅛	Conversion 10pc 2002	97⅛	–⅛	10.31	10.44
102⅞	94⅞	Treas 9¾pc 2002	95½	–⅛	10.23	10.41
97⅞	89⅞	Exch. 9pc 2002	90⅛xd	–⅛	9.95	10.34
126⅞	117⅛	Treas. 13¾pc 2000-03	117⅞	–⅛	11.67	10.87
105⅝	97⅛	Treas 10pc 2003	98⅛	–⅛	10.22	10.28
113⅞	104⅞	Treas. 11½pc 2001-04	105⅞	–⅛	10.93	10.69
106⅞	97⅝	Treas. 10pc 2004	98⅞xd	–⅛	10.19	10.25
59⅞	55	Funding 3½pc '99-04	55⅞	–⅛	6.21	8.87

BRITISH FUNDS—Contd

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
102⅞	94¼	Conversion 9½pc 2004	95⅞	–⅛	10.02	10.17

Over Fifteen Years

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
103⅞	94½	Conversion 9½pc 2005	95⅞	–⅛	9.99	10.14
111⅝	102⅞	Exch. 10½pc 2005	103⅛	–⅛	10.21	10.13
125⅞	115⅝	Treas. 12½pc 2003-05	116⅛xd	–1⅛	10.79	10.34
90⅞	82⅞	Treas. 8pc 2002-06‡‡	83⅛	–⅛	9.60	10.06
105¾	97⅛	Conversion 9¾pc 2006	97⅝xd	–1	10.01	10.07
118⅞	109⅛	Treas. 11¾pc 2003-07	110⅛	–1⅛	10.68	10.33
96⅞	87⅞	Treas 8½pc 2007 ‡‡	88⅛	–1	9.64	9.92
134⅝	123⅝	Treas. 13½pc '04-08	124¼	–1⅛	10.89	10.27
101⅛	92⅛	Treas. 9pc 2008 ‡‡	92⅞	–1⅛	9.70	9.84
92⅞	84⅛	Treas 8pc 2009	84⅞	–1	9.47	9.79
102⅞	93¼	Conv 9pc Ln 2011 ‡‡	93¼	–⅛	9.67	9.76
68⅞	62⅞	Treas. 5½pc 2008-12‡‡	62⅞	–⅛	8.81	9.58
89⅞	81⅞	Treas. 7¾pc 2012-15‡‡	81⅞	–⅛	9.50	9.71
132⅞	120⅝	Exch. 12pc '13-'17	120⅝	–1⅛	9.98	9.79

Undated

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
45⅝	40⅞	Consols 4pc	40⅞	–⅛	9.77	–
40⅝	36⅞	War Loan 3½pc‡‡	36⅞	–⅛	9.64	–
70⅛	60⅝	Conv. 3½pc '61 Aft	62⅞	–⅛	5.63	–
41⅛	31⅞	Treas. 3pc '66 Aft	32⅞	–⅛	9.25	–
30⅛	25⅞	Consols 2½pc	25⅞	–⅛	9.77	–
29½	25⅛	Treas. 2½pc	25⅛	–⅛	9.85	–

Index-Linked

1989 High	Low	Stock (b)	Price £	+ or -	(1)	(2)
112⅝	103⅞	Tr. 2pc '92‡‡(97.8)	111⅛	+⅛	2.76	3.88
105⅞	94⅞	Do. 2 '94 (102.9)	103⅞xd	+⅛	2.94	3.52
155⅛	139⅝	Do. 2pc '96(67.9)	152½	+⅛	3.05	3.44
130⅞	118⅞	Do 2½pc '01(78.3)	128⅞	–⅛	3.42	3.68
127⅞	115⅝	Do. 2½pc '03(78.8)	125⅞xd	–⅛	3.49	3.72
131⅞	117⅞	Do. 2pc '06(69.5)	128⅞	–⅛	3.52	3.70
123⅞	110¼	Do. 2½pc '09(78.8)	120⅛xd	–⅛	3.52	3.69
128	114⅞	Do. 2½pc '11(74.6)	125⅞	–⅛	3.52	3.68
106⅝	95¼	Do. 2½pc '13(89.2)	104⅛	–⅛	3.50	3.65
115⅝	101⅛	Do. 2½pc '16(81.6)	112⅞	–⅛	3.45	3.60
112⅞	100⅝	Do. 2½pc '20(83.0)	110⅞	–⅛	3.41	3.54
95⅞	84⅞	Do. 2½pc '24‡‡(97.7)	93¼	–½	3.37	3.48

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for February 1989: 111.8 and for September 1989: 116.6.

INT. BANK AND O'SEAS

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
108⅞	99½	African Dv Bk 11¼Ln 2010	99⅞	–⅛	11.13	11.11
104⅞	96¼	Asian Dev Bk 10¼pcLn2009	96¼	–⅛	10.65	10.71
130⅞	118⅞	Australia 13½pc 2010	118⅞xd	–1⅛	11.35	11.12
113⅞	102⅞	Do. 11½pcLn2015	102⅝	–⅛	11.07	11.04
110⅞	99⅞	Euro Inv Bk 11pc Ln 2002	110⅞	+9⅛	10.95	10.92
104⅞	95⅞	Do. 10⅜pc2004	96⅝	–⅛	10.78	9.88
119⅞	107⅞	Int-Am Dev Bk 12½pc 2003	109⅞	–⅛	11.42	11.10
99¼	90⅞	Do. 9¾pcLn 2015	91⅞	–⅛	10.69	10.76
97½	91½	Mlysia 10¼pcLn 2009	92xd	.....	11.56	11.66
120	114	Utd. Mexican States 16½pc 2008	114	.....	14.47	14.20

CORPORATION LOANS

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
102	99½	Birmingham 13½pc 1989	99½xd	.....	13.57	11.20
111½	102½	Do. 11½pc 2012	102½xd	.....	11.22	11.20
91	85½	GLC 6½pc 1990-92	87½xd	.....	7.80	13.70
124½	116	Leeds 13½pc 2006	117½	.....	11.49	11.06
33	30	Liverpool 3½pc Irred	30xd	.....	11.67	–
95½	92	LCC 6¾pc '88-90	95½	.....	7.07	11.60
30	26	Do. 3pc '20 Aft	28xd	.....	10.71	–
107½	101½	Manchester 11½pc 2007	102½xd	.....	11.22	11.20

COMMONWEALTH & AFRICAN LOANS

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
89½	86½	NZ 7¾pc 1988-92	87¼	.....	8.31	12.50
206	206	S Rhod 2½pc Non-Asstd	206	.....	–	–
84½	84½	Do. 4½pc 87-92 Asstd	84½	.....	5.33	9.33

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

1989 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
43⅞	26⅛	Abbott Laboratories‖	41⅝xd	+⅛	$1.40	–	2.1
579p	361p	♥Allegheny & W 1c	484p		30c	–	3.9
18⅞	12⅞	Amax $1	13⅞xd	+⅛	80c	–	3.6
11⅛	6	Ambase Corp $1	8⅛xd	.....	20c	–	1.4
15	744p	Amdahl 5c	759pxd	+5	h10c	–	0.8
37⅞	25½	Amer. Cyanamid $5	32	+⅛	$1.35	–	2.7
25⅞	14⅞	Amer Express 60c	22⅛xd	–⅛	84c	–	2.3
16¼	854p	Amer Medical Int. $1	15⅛	.....	♦72c	–	3.0
28¼	15¾	American T. & T. $1	28⅛	+⅛	$1.20	–	2.7
41⅝	26⅞	Ameritech $1	38⅞	+⅛	h$2.92	–	4.8
659p	524p	♥Asiamerica Equity‖	543p	–5	–	–	–
22⅞	9⅝	BankAmerica $1.&	19⅛xd	+⅛	60c	–	2.0
37⅛	19⅛	Bankers N Y. $1	30⅞xd	–⅛	$2.12	–	4.4
66⅞	38½	Bell Atlantic $1	65½	+⅛	$4.40	–	4.3
35⅛	19⅛	BellSouth Corp	33½	+⅛	$2.52	–	4.8
15⅞	10⅞	♥Bethlehem Steel $8	10⅞xd	.....	40c	–	2.4
12	868p	♥Bio-Rad Labs. A	10⅞	+⅛	–	–	–
20¼	15¼	Bowater Inc	17⅛	+⅛	$1.12	–	4.0
12⅞	8⅞	Brunswick 75c	8⅞xd	–⅛	44c	–	3.2
42⅛	28⅛	CPC Intnl. 25c	41⅝	+⅛	$1.80	–	2.7
863p	333p	California Engy	723p	+12	–	–	–
36⅞	17⅞	Campbell Soup 15c	29⅞xd	+2⅛	92c	–	1.9
28⅞	15⅞	Chase Manhattan $12½	25⅛xd	–⅛	$2.36	–	6.5
26¼	17	Chem. Banking Corpn	21⅞	.....	$2.72	–	8.1
17½	13½	Chrysler $6¼	13½xd	.....	$1.20	–	5.6
22⅞	14⅛	Citicorp $1	18⅞xd	+⅛	$1.62	–	5.4
41⅞	25¼	Colgate-Palmolive $1	39¼xd	+⅛	s$1.48	–	2.4
17¼	10¼	Cont'l Bank Corp $4	15¼	+⅛	80c	–	3.3
410p	218p	♥Corporate Data Scnce.	334p	.....	–	–	–
27½	21¼	Dana Corp. $1	21¼xd	.....	$1.60	–	4.7
12	854p	Data General	910p	–3	–	–	–
38¼	28⅛	Dun & Bradstreet $1	31¼	–⅛	$2.00	–	4.0
43⅛	30½	Eaton Corpn. 50c	35⅞	+⅛	h$2.00	–	3.6
11⅛	8⅛	Echlin Inc	8¼	–⅛	70c	–	5.1
21⅝	16⅞	FPL Group 1c	21⅝xd	+⅛	$2.28	–	6.7
23⅞	13⅛	Fluor Corp 62½pc	18⅛	.....	16c	–	0.6
35⅛	27⅝	Ford Motor $1	30xd	–⅛	$3.00	–	6.3
37⅞	24⅛	Gen. Elect. 63c	35⅛	+⅛	$1.64	–	2.9
579p	439p	♥General Host Corp $1	439p	–5	30c	–	4.3

Continued on next page

Haussmann Hldgs NV Curacao
NAV Oct 13 | $285.43

Hill Samuel Investment Services Intl (z)

	Bid Price	Offer Price	+ or -	Yield Gross
Crossbow (Far East)	SFr18.18	19.35	–0.11	–
CSF (Int Man)	SFr38.63	41.12	+0.08	–
ITF Fd (Technology)	$19.07	20.18	–0.07	–
O'seas Fd (N Amer)	$49.17	51.76	+0.21	–

Huntington World Investors Fds Ltd

Indosuez Asia Invest Services Ltd

National Mutual Insce Co (Bermuda) Ltd

The New Zealand Fund

Newport International Management

	Bid Price	Offer Price	+ or -	Yield Gross
Npt. Intl. Securities	$37.54		.....	–
Npt. Intl. Inc. Fd	$19.28		.....	–
Npt. Pacific	$25.30		.....	–

Nikko Luxembourg S.A.

Skandifond

	Bid Price	Offer Price	+ or -
Equity Int Acc	$11.54	12.12	.....
Equity Int. Inc	$10.79	11.34	.....
Equity Global	$1.07	1.13	.....
Far East	$1.85	1.94	.....
Equity Gold	$0.91	0.97	.....
Equity Japan Acc	Y139	147	.....
Equity Nordic	$1.21	1.28	.....
Equity UK	£1.06	1.12	.....
Equity Conti Europe	$1.12	1.18	.....
Equity Mediterranean	$1.09	1.16	.....

Allied Trust Bank Ltd
97-101 Cannon St, London, EC4N 5AD | 01-629 6802

	Gross	Net	Gr Equiv CAR	Int Cr
DMNA (£2,001+)	14.50	11.35	15.50	Mth
HICA (£2,001+)	13.90	10.88	14.82	Mth

Bank of Ireland High Interest Cheque Acc
36 Queen St, EC4R 1BN | 01-625 7000

	Gross	Net	Gr Equiv CAR	Int Cr
2,000-9,999	13.738	10.750	14.922	Qtr
£10,000+	14.059	11.000	15.283	Qtr

OFFSHORE INSURANCES

ISLE OF MAN (**)

LUXEMBOURG (**)

OTHER OFFSHORE FUNDS

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

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AMERICANS—Contd

1989 High	Low	Stock	Price $	+ or –	Div Gross	C'vr	Y'ld Gr's
39⅛	18¼	Gillette $1	29¼	+¼	96c	–	2.1
987p	548p	Gt American Bank Bt $1	540p	.....	20c	–	2.3
23⅞	16¾	Greyhound $1½	19¼	–⅛	$1.32	–	4.4
15⅜	847p	Hasbro Inc 50c	15⅛	+⅛	16c	–	0.7
57½	32¼	Honeywell $1½	52¼xd	–¼	$2.75	–	3.3
22½	15¼	Houston Inds	22½	+⅛	$2.96	–	8.3
76¼	62¼	IBM Corpn $1¼	63¼xd	–¼	$4.84	–	4.9
60p	45p	Image Storage/R Sys 1c	52p	.....	–	–	–
22¼	18¼	Ingersoll-Rand $2	27¼xd	.....	$1.20	–	2.8
33¼	22½	Lockheed Crpn. $1	28¼xd	.....	$1.80	–	4.0
22⅜	15¼	Lone Star Inds $1	17¼xd	+⅛	$1.90	–	7.0
27⅞	17½	Louisiana Land 15c	24¼xd	+⅛	$1.00	–	2.6
20½	11⅛	Lowe's 50c	19	.....	48c	–	1.6
28¼	15¼	Manuf. Hanover $1	23¼	–¼	$3.28	–	8.7
22½	13¼	Merrill Lynch $1	17⅞	–¼	$1.00	–	3.5
2477p	1910p	Molex Inc	2339p	–30	3.2c	–	–
30⅛	18⅛	Morgan (JP) $2½	26¼xd	–¼	$1.66	–	3.9
28¼	24⅛	Morris (Philip)	27¼xd	+¼	$1.13	–	2.6
54½	36⅛	NYNEX $1	50⅛	+½	$4.36	–	5.4
44p	20p	N wide Legal Serv.	23p	.....	–	–	–
24⅞	18¼	PHH Corp.	22⅞	+⅛	$1.16	–	3.2
259p	179p	♦Pacific Agr.	190p	.....	–	–	–
27¼	19	Pacificorp $3¼	27¼xd	+½	$2.76	–	6.2
30¼	16⅜	Pacific Telesis 10c	27⅛	–⅛	$1.88	–	4.3
22⅞	15¼	Pall Corp 25c	20⅛	–¼	48c	–	1.5
55⅛	39¼	Pennzoil 83 1/3c	51xd	–¼	$3.00	–	3.7
42¼	26⅛	Quaker Oats $5	39¼	+⅞	$1.40	–	2.2
32⅛	23½	Rep NY Corpn $5	29⅛xd	+¼	$1.28	–	2.7
16¼	11¼	Rockwell Intl. $1	15¼xd	+¼	78c	–	3.2
29½	22	Sears, Roebuck 75c	24½	–¼	$2.00	–	5.2
37½	21⅛	Southwestern Bell $1	35¼	.....	$2.60	–	4.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, Leasing, etc.

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BEERS, WINES & SPIRITS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING, TIMBER, ROADS

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BUILDING, TIMBER, ROADS—Contd

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CHEMICALS, PLASTICS

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DRAPERY AND STORES

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DRAPERY AND STORES—Contd

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ELECTRICALS

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ENGINEERING

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING—Contd

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FOOD, GROCERIES, ETC

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HOTELS AND CATERERS

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INDUSTRIALS (Miscel.)

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INDUSTRIALS (Miscel.)—Contd

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INDUSTRIALS (Miscel.)—Contd.

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INSURANCES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON SHARE SERVICE

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING – Contd

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES – Contd

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND – Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS – Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES – Contd

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

IRISH

[illegible]

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	41
Amstrad	6½
Astec (BSR)	5¼
BAT	67
BOC Grp	44
BTR	37
Barclays	40
Blue Circle	28
Boots	23
Bowaters	39
Brit Aerospace	46
British Steel	9
Brit. Telecom	22
Cadburys	31
Charter Cons	42
Comm Union	40
Courtaulds	31
Eurotunnel	65
FKI	8
FNFC	22
Gen Accident	92
GEC	19
Glaxo	120
Grand Met	44
Guardian	19
GKN	35
Hanson	18
Hawker Sidd	55
ICI	90
Jaguar	85
Ladbroke	25
Legal & Gen	31
Lex Service	26
Lloyds Bank	31
Lucas Inds	54
Marks & Spencer	16
Midland Bk	26
Morgan Grenfell	38
Nat West Bk	23
P & O Dfd	51
Plessey	22
Polly Peck	38
Racal Elect	28
RHM	39
Rank Org Ord	72
Reed Intnl	34
STC	25
Sears	9
Smithkline Bchm. A	48
TI	38
TSB	9
Tesco	16
Thorn EMI	63
Trust Houses	23
T&N	16½
Unilever	57
Vickers	22
Wellcome	55

Property

Brit Land	27
Control Secs	5
Land Securities	45
MEPC	45
Mountleigh	13

Oils

Brit Petroleum	25
Burmah Oil	65
Charterhall	2½
Conroy Petlm	9
Premier	10½
Shell	37
Tuskar Res	12
Ultramar	28½

Mines

Lonrho	23
RTZ	45

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £985 per annum for each security.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling weak on speculation

THE CURRENCY markets were dominated yesterday by a decline in sterling, prompted by several bouts of speculation that a UK Government minister had resigned in an insider trading scandal.

The talk was sparked off by a newspaper report which said a UK television station was planning to broadcast a programme that would link a senior member of the government to a share-purchasing group that had allegedly used insider dealing methods.

The speculation resurfaced several times during the London trading day and pushed sterling down from opening levels of DM2.9000 to a low of DM2.8850.

However, the government strongly denied any ministerial resignations and allegations that a government minister had been involved in any share scandal. These denials helped restore a degree of calm to the markets but traders remained nervous about the persistence of the speculation.

The worries caused by these reports meant that the market had little time to reflect on the large fall in UK official reserves reported yesterday. The record $2.9bn underlying drop in reserves in October compared with market expectations of a $2.0bn fall.

The size of the decline pointed to the scale of intervention by the Bank of England during October to defend the pound.

However, news that the Bank had been willing to defend sterling so strongly last month has little influence on the market yesterday which was preoccupied with the more immediate reports of a pending scandal.

Sterling closed in London at DM2.8900 compared with DM2.9075 on Wednesday.

It was also $1.5640 against $1.5820; at FFr9.8100 compared with FFr9.8600; and at Y224.75 against Y226.25. Its effective exchange rate index closed at 88.0, down 0.5.

The US dollar was largely on the sidelines as attention focused on the pound and as dealers prepared for the release later today of October US employment report.

Analysts expect non-farm payroll to have risen by 150,000 persons, compared with the 209,000 person growth in September.

The unemployment rate is forecast to have risen to 5.4 per cent in October, compared with 5.3 per cent in September.

If the employment data do reflect a slower pace of economic growth, analysts said the dollar could come under pressure as dealers begin to anticipate a loosening in monetary policy.

The dollar closed in London at DM1.8475 compared with its Wednesday close of DM1.8380. It also finished at SFr1.6230 compared with SFr1.6135; at Y143.65 against Y143.10; and FFr6.2725 compared with FFr6.2325.

The dollar's effective index closed at 69.9, up 0.2.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Nov 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0562	+1.41	+1.11	±1.5424
Danish Krone	7.85212	7.97226	+1.53	+1.23	±1.6419
German D-Mark	2.05853	2.05117	-0.36	+0.66	±1.1019
French Franc	6.90403	6.95888	+0.79	+0.49	±1.3719
Dutch Guilder	2.31943	2.31574	-0.16	+0.46	±1.5019
Irish Punt	0.768411	0.773005	+0.60	+0.30	±1.6689
Italian Lira	1483.58	1505.37	+1.47	+1.47	±4.0815
Spanish Peseta	133.804	129.704	-3.06	-3.06	-

Changes are for Ecu, therefore positive change denotes a weak currency
Adjustment calculated by Financial Times.

£ IN NEW YORK

Nov 2	Latest	Previous Close
£ Spot	1.5740-1.5750	1.5740-1.5750
1 month	0.82-0.81pm	0.86-0.84pm
3 months	2.57-2.54pm	2.59-2.56pm
12 months	8.57-8.47pm	8.63-8.53pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER CURRENCIES

POUND SPOT- FORWARD AGAINST THE POUND

Nov 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5635 - 1.5745	1.5635 - 1.5645	0.83-0.81cpm	6.29	2.54-2.51pm	6.46
Canada	1.8250 - 1.8485	1.8380 - 1.8390	0.44-0.38cpm	2.68	1.41-1.27pm	2.92
Netherlands	3.25¼ - 3.28¾	3.25¾ - 3.26¾	1¾-1⅝cpm	6.67	5½-5¼pm	6.67
Belgium	60.55 - 61.25	60.60 - 60.70	28-26cpm	5.34	84-80pm	5.41
Denmark	11.21¼ - 11.32¼	11.21¼ - 11.22¼	2¾-2½orepm	2.87	9½-8¼pm	3.08
Ireland	1.0895 - 1.0970	1.0905 - 1.0915	0.35-0.32cpm	3.68	0.84-0.74pm	2.90
W. Germany	2.88¾ - 2.91¼	2.88¾ - 2.89¾	1¾-1⅝pfpm	7.01	4¾-4½pm	6.40
Portugal	247.40 - 250.15	247.75 - 248.85	37-19cpm	1.35	16-67dis	-0.67

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS

LIFFE US TREASURY BOND FUTURES OPTIONS

LIFFE BUND FUTURES OPTIONS

LIFFE E/$ OPTIONS

LIFFE EURODOLLAR OPTIONS

LIFFE SHORT STERLING OPTIONS

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

JAPANESE YEN (IMM)

DEUTSCHE MARK (IMM)

U.S. TREASURY BILLS (IMM) $1m points of 100%

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

SWISS FRANC (IMM) SFr 125,000 $ per SFr

STANDARD & POORS 500 INDEX

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT

US TREASURY BOND 8%

6% NOTIONAL GERMAN GOVT. BOND

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND

THREE MONTH STERLING

THREE MONTH EURODOLLAR

THREE MONTH EUROMARK

THREE MONTH ECU

FT-SE 100 INDEX

POUND-$ (FOREIGN EXCHANGE)

IMM-STERLING

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 41,061

A=Ask B=Bid C=Call P=Put

MONEY MARKETS

Rates stay firm

INTEREST rates were steady to slightly firm yesterday on the London money markets as sterling came under pressure. The key three-month interbank rate, regarded as the best indicator of the direction of bank base rates, closed unchanged from Wednesday at 15¼-15⅝ per cent.

UK clearing bank base lending rate 15 per cent from October 5

Money market rates had opened slightly higher with three-month interbank bid at 15⅜ per cent, following a newspaper report foreshadowing a television programme which, it claimed, would allege that a senior member of the British government was a client of a share purchasing group that had made substantial gains through insider trading.

The upward pressure on rates was maintained as speculation swept the London markets that a minister would resign. The Government strenuously denied that any minister had resigned or had been engaged in insider dealing. However, the markets remained nervous; in the futures markets, the December short sterling contract failed to recoup early losses, and closed just above its lows at 85.01, down 14 points on the day.

The Bank of England initially forecast a credit shortage of about £450 mln stg in the money markets, but revised this to £550m at noon and £600m in the afternoon. Total help of £434 was provided. Before lunch, the authorities bought £434m bills, including £10m band 2 Treasury bills at 14 3/4 per cent, and £424m band 2 bank bills at 14 13/16 per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £590m, a rise in the note circulation accounted for £60m, and bankers' balances below target £25m. However, this was partly offset by Exchequer transactions, which added £225m to liquidity.

In New York, the Federal Reserve, as expected, refrained from money market operations. Analysts said the Fed had no need to add or drain reserves. In early trading, the Federal funds rate was at 8 3/4 per cent, which was perceived as the Fed's target level, and compared with Wednesday's average of 8.98 per cent.

In Frankfurt, the Bundesbank, as expected, left credit policies unchanged after its regular council meeting. The West German discount rate remained at 6.00 per cent and the Lombard emergency financing rate at 8.00 per cent.

FT LONDON INTERBANK FIXING

MONEY RATES

NEW YORK

Treasury Bills and Bonds

LONDON MONEY RATES

BASE LENDING RATES

	%		%		%
Bank Credit & Comm	15	● Robert Fleming & Co.	15	TSB	15
Bank of Cyprus	15	Robert Fraser & Ptnrs.	15½	United Bk of Kuwait	15
Bank of Ireland	15	Girobank	15	United Mizrahi Bank	15
Bank of India	15	● Guinness Mahon	15	Unity Trust Bank Plc	15
Bank of Scotland	15	HFC Bank plc	15	Western Trust	15
Banque Belge Ltd	15	● Hambros Bank	15	Westpac Bank Corp.	15
Barclays Bank	15	Hampshire Trust Plc	15½	Whiteaway Laidlaw	15
Benchmark Bank PLC	15	Heritable & Gen Inv Bnk.	15	Yorkshire Bank	15
Brit Bk of Mid East	15	● Hill Samuel	§15		
● Brown Shipley	15	C. Hoare & Co.	15		
Business Mtge Bank PLC	15½	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
		Midland Bank	15		
		Mount Banking	15		
		Nat Bk. of Kuwait	15		

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JOTTER PAD

CROSSWORD

No.7,080 Set by DINMUTZ

ACROSS

1 Leaving the country, good bargain can be arranged .... (5,6)
7 .... so far into the bargain (3)
9 Bill Hill can have hard lines sometimes (5)
10 Some people put a brave face on it (5-4)
11 Sustained melody of a Celt in an outburst (9)
12 Lifting the paper (5)
13 To make more agreeable, add chips at table (7)
15 Direction of Tom Brown's chum (4)
18 Charges of a chemist? (4)
20 He collects cuttings from a newspaper (7)
23 Gives up and leaves (5)
24 Provencal folk-dance turning into rumba! (9)
26 One taken with this blessed plot? (9)
27 Nightingale, for instance, runs out England's opener (5)
28 One lost for eternity (3)
29 Extension of Greenmantle ordered (11)

DOWN

1 Housing for people shifting? (4-4)
2 At home, nursed one's betrothed (8)
3 Clumsy-sounding Russian writer (5)
4 Begrudging name for one that booms (7)
5 New route lined with silver — what an offence! (7)
6 Coffee steamed is ordered (9)
7 The old sign of those not quite gentlemen? (6)
8 Score harmonised within Tchaikovsky's limits (6)
14 The last tablet in Arizona? (9)
16 Rant about wild rose that is turned forward (8)
17 Fresh patterns for this part of the church (8)
19 The case for the comprehensives? (7)
20 Midnight stroller takes a risk (7)
21 Old-fashioned suit (6)
22 But one cannot shoot the breeze with it (3-3)
25 Lightweight jumper from central Asia (5)

Solution to Puzzle No.7,079

STITCH SHADOWED
WROLLY CRACKERS
ORATORIO CASINO
SHED SPANKER
PORTRAY HASH
CHASTE SCREWTOP
OUTDATED SAFARI
TESTTUBE SEADOG

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

FRANCE (continued)

[illegible]

GERMANY

[illegible]

GERMANY (continued)

[illegible]

ITALY

[illegible]

ITALY (continued)

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

SINGAPORE

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO

Closing prices November 1

[illegible]

MONTREAL

Closing prices November 1

[illegible]

Total Sales 4,068,342 shares.

INDICES

NEW YORK

DOW JONES	Nov. 1	Oct 31	Oct 30	Oct 27	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2645.90	2645.08	2603.48	2596.72	2791.41 2 (9/10)	2144.64 (3/1)	2791.41 (9/10/89)	41.22 (2/7/32)
Home Bonds	93.19	93.15	93.11	93.15	94.15 (2/8)	87.35 (23/3)	—	—
Transport	1206.26	1205.01	1191.86	1190.43	1532.01 (5/9)	959.95 (3/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	220.45	219.19	216.74	215.86	221.64 (8/8)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2665.78 (2662.09) Low 2622.95 (2606.97)

STANDARD AND POOR'S

	Nov. 1	Oct 31	Oct 30	Oct 27	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	341.20	340.36	335.07	335.06	359.80 (9/10)	275.31 (3/1)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	389.42	388.54	382.10	379.89	410.49 (9/10)	318.66 (3/1)	410.49 (9/10/89)	3.62 (21/6/32)
Financial	32.66	32.55	32.07	32.17	35.24 (9/10)	24.30 (3/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	188.84	188.24	185.59	185.60	199.34 (9/10)	154.98 (3/1)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	372.14	370.58	368.87	370.01	397.03 (10/10)	305.24 (3/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	456.64	455.63	451.37	452.76	485.73 (9/10)	378.56 (3/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Oct 27	Oct 20	Oct 13	year ago (approx.)
Dow Industrial Div. Yield	3.97	3.83	4.01	3.60
	Oct 25	**Oct 18**	**Oct 11**	**year ago (approx.)**
S & P Industrial div. yield	2.95	2.95	2.82	3.19
S & P Indl. P/E ratio	14.31	14.28	14.91	13.03

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Gt Nthn Nekoosa	5,094,400	61½	− 1⅛
Texaco	4,449,100	53¼	+ ¼
Unisys Corp	1,942,800	15⅛	+ ⅜
Chevron	1,885,400	68⅜	+ ⅛
Philip Morris	1,880,300	43⅛	+ ⅛
Am Family	1,859,600	21¾	+ 2½
IBM	1,806,100	100	− ¼
Am T&T	1,690,200	44	− ¼
Fannie Mae	1,318,800	40½	+ ¼
Bristol Myers	1,293,700	54	+ 1¼

TRADING ACTIVITY

† Volume Millions	Nov. 1	Oct 31	Oct 30
New York	154.240	176.902	127.073
Amex	11.289	11.680	9.998
NASDAQ	118.618	128 017	101.071
Issues Traded	1,948	1,962	1,924
Rises	841	1,119	665
Falls	632	434	772
Unchanged	475	409	487
New Highs	42	28	9
New Lows	44	43	72

CANADA

TORONTO	Nov 1	Oct 31	Oct 30	Oct 27	1989 HIGH	1989 LOW
Metals & Minerals	3447.9	3461.90	3408.00	3390.2	3919 2 (1/9)	3207.5 (3/1)
Composite	3936.59	3918.62	3887.20	3884.3	4037.8 (6/10)	3350.5 (6/1)
MONTREAL Portfolio	2012.93	2006.18	1983.54	1978.81	2069.68(10/10)	1677.48 (3/1)

Base values of all Indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Nov. 2	Nov. 1	Oct. 31	Oct. 30	1989 HIGH	1989 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1652.0	1648.7	1646.2	1637.0	1781.8 (29/8)	1412.9 (7/4)
All Mining (1/1/80)	795.3	792.3	795.8	789.1	875.1 (29/8)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	426 85	(c)	428.10	430 77	515 09 (11/10)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6304.51	(c)	6230.86	6205.97	6805.28 (26/9)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	343.30	342.10	339.77	356.65 (12/7)	275.49 (27/2)
FINLAND						
Unitas General (1975)	663.0	663.0	666.1	666.5	815 8 (18/4)	660.8 (25/10)
FRANCE						
CAC General (31/12/82)	514.3	(c)	512.1	502.8	561.6 (11/10)	417.9 (4/1)
Ind. Tendance(30/12/88)	117.4	(c)	117.3	115.5	128.1 (10/10)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	619.39	621.22	617.61	615.09	690.91 (10/10)	535.78 (27/2)
Commerzbank (1/12/53)	1836.0	1841.2	1830.7	1824.3	2056.8 (10/10)	1595.7 (27/2)
DAX (30/12/87)	1460.01	1476.19	1472.76	1466.29	1657.61 (8/9)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	2711.86	2721.68	2725.29	2680.30	3309.64 (15/5)	2093.61 (5/6)
IRELAND						
ISEQ Overall (4/1/88)	1672.28	1674.90	1677.31	(c)	1948.93 (10/8)	1360.64 (10/1)
ITALY						
Banca Com. Ital. (1972)	652.71	(c)	646.15	639.97	734.84 (31/8)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	35494.86	35664.43	35549.44	35417.44	35689.98 (28/9)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2685.03	2691.19	2692.65	2676.60	2703.58 (2/10)	2366.91 (6/1)
2nd Section (4/1/68)	3646.27	3648.82	3642.90	3636.06	3804.11 (9/10)	2774.38 (27/3)
NETHERLANDS						
CBS TU.Rtn.Gen.(End 1983)	250.3	252.7	251.1	250.4	272.7 (21/9)	208.3 (3/1)
CBS All Shr (End 1983)	192.4	194.3	193.0	192.5	210.5 (8/9)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	628.12	622.42	610.65	610.51	695.50 (28/9)	467.17 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1322.07	(c)	1309.37	1277.25	1322.07 (2/11)	804.62 (6/2)
SINGAPORE						
Straits Times Ind. (30/12/66)	1336.18	1335.24	1332.41	1302.78	1431.85 (12/10)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1767.04	1761.0	1766.0	1760.0	1767.0 (2/11)	1291.0 (15/2)
JSE Industrial (28/9/78)	2576.04	2577.0	2569.0	2557.0	2838.0 (25/8)	1961.0 (3/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	885.34	891.27	894.02	896.11	1007.80 (3/4)	846.30 (1/7)
SPAIN						
Madrid SE (30/12/85)	308.6	(c)	307.25	304.89	328.93 (13/9)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	4189.3	4174.4	4125.4	4178.6	4660.3 (16/8)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	740.1	745.4	749.5	750.8	829.1 (6/9)	613.1 (3/1)
TAIWAN**						
Weighted Price (30/6/66)	10639.47	10630.65	(c)	10602.07	10773.11 (25/9)	4873.01 (5/1)
THAILAND						
Bangkok SET (30/4/75)	703.62	702.95	695.01	685.54	724.93 (13/9)	386.73 (2/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	529.5	530.2	526.1	551.2 (3/8)	487.6 (13/6)

**Saturday Oct.28: Taiwan Weighted Price: 10437.78. Korea Comp Ex. 894.40.
♦ Subject to official recalculation.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday November 2 1989

	Stocks Traded	Closing Prices	Change on day
Tokyu	60.2m	2,880	+ 110
Hankyu	28.3m	1,800	+ 80
IHI	25.5m	1,310	-30
Tomen	17.1m	904	+ 5
Shokusan	16.9m	1,510	0
Tokyu Land	16.0m	1,740	+ 20
Fuji Electric	16.1m	1,170	-10
Yasuda F&M	14.5m	1,820	-60
Tokyu Dept	11.8m	2,380	+ 50
Tokyu Gas	11.2m	1,180	+ 10

2pm prices November 2

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37½	21¾	AAR	.46	1.3	23	77	36¾	36½	36¾	– ⅛
9⅝	8⅞	ACM n	1.01	11.		188	9⅝	9½	9⅝	
11⅝	10¼	ACMIn	1.26a	11.		177	11½	11⅜	11⅜	– ⅛
10⅛	8	ACM M	n1.01	11.		380	9⅛	9	9	
11½	10	ACM Sc	1.26	11.		761	11⅛	11⅛	11⅛	
9⅞	8⅞	ACMSp	1.01	11.		205	9⅛	9	9	
16	11½	AL Lab	.12	.7	18	28	16½	16¼	16½	
4⅛	3⅛	AMCA	.12e	3.4	23	42	3½	3½	3½	
6⅛	4½	AM Intl			10	339	5	4⅞	4⅞	– ⅛
23½	20⅝	AM In pf	2	9.5		13	21⅛	21⅛	21⅛	
107¼	46½	AMR			8	4773	74¼	72⅜	72½	– ⅜
6⅛	3⅝	ARX				69	3⅞	3¾	3¾	
50¼	37¾	ASA	3a	5.8		1840	u51¼	49½	51⅛	+ 2
30⅛	15¼	AVX	.24	.8	20	3380	29⅞	28¼	29⅞	+ 1⅜
68½	44⅛	AbtLab	1.40	2.1	16	2457	65⅝	65	65⅜	– ¼
18¼	12⅞	AbitiDi g	1			1	13	13	13	
13	7½	AcmeC	.40	4.0		18	10	9⅞	10	– ⅛
9¼	5⅞	AcmeE	.32	3.7	11	19	8⅛	8⅝	8⅝	– ⅛
38½	20¼	Acuson			23	162	35⅝	35¼	35⅝	– ⅛
17	14¼	AdaEx	1.82e	11.		55	16⅝	16½	16½	
12⅝	6½	Adobe				109	10¾	10⅝	10⅝	– ⅛
10½	7⅛	AMD				1046	7⅝	7⅜	7⅜	– ⅛
35	29¾	AMD pf	3	10.		1	29⅛	29⅛	29⅛	+ ⅛
10⅛	6⅞	Advest	.12	1.5	11	58	8⅛	8⅛	8⅛	– ⅛
62½	46	AetnLf	2.76	4.5	10	956	61⅛	60¾	61⅛	+ ⅛
14	12⅜	AflPb	.22	1.7		549	13	12¾	12¾	
25	15⅛	Ahmans	.88	4.5	10	647	20	19⅝	19⅞	– ⅛
4⅛	2¼	Aileen				2	2⅞	2⅞	2⅞	+ ⅛
48¾	37¼	AirPrd	1.32	3.0	11	546	44⅛	43⅝	43⅞	– ⅝
39⅝	17¾	AirbFrt	.60	1.5	20	52	38⅞	38¾	38⅞	+ ¼
25⅛	14½	Airgas			12	34	19½	19½	19½	

Continued on Page 43

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23	18¾	StJoLP 1.52		6.8	9	26	22⅝	22½	22½	
28⅞	16	Salant			31	22	18	18	18	
53½	32	SallieM s .40		.8	20	738	48⅛	47⅞	47⅞	−⅛
29⅞	22¼	Salomn .64		2.7	9	2262	24	23⅝	23⅝	−⅜
42⅞	34⅞	SDieGs 2.70		6.5	14	174	41⅛	40⅞	41⅛	+⅜
9⅞	6⅞	SJuanB .17j			40	2	6⅛	6⅛	6⅛	
35	28½	SAnidRt 2.00		8.9	19	68	30	29⅞	30	+⅛
14⅝	6½	SFeEP 2.89		38.		79	7½	7⅜	7⅜	−¼
24⅞	20	SFePP n2.40		10.		62	23⅞	23⅜	23⅜	+½
26⅛	15¾	SFePCp .10e		.6	16	2657	17⅞	17⅝	17⅝	−⅛
63	42	SaraLee 1.44		2.4	17	736	60⅛	59⅞	59⅞	−⅜
25½	23⅞	SavE pfA2.37		9.2		19	25⅝	25½	25⅝	−⅛
½	⅛	Savin				9242	⅜	5-16	11-32	
9⅝	5⅞	Savn pfB.80t		12.		28	7	6⅞	6⅞	−⅛
9⅛	5⅛	Savn pfD.10t		1.5		4	7⅛	6⅞	6⅞	−⅝
36½	29⅝	SCANA 2.46		7.3	11	182	33⅞	33⅝	33⅞	
11⅝	7	Schlr .56e		5.5		81	10⅛	10	10	−¼
79⅝	52½	SchrPlg 1.80		2.4	19	1960	77	76	76½	−½
48	31¼	Schlmb 1.20		2.9	26	1128	42⅛	41⅝	41⅝	−⅞
17	9¼	Schwb .12		.9	27	57	13⅛	12⅞	12⅞	−⅛
17	6¼	Schwitz n				25	6⅞	d 6⅛	6⅛	−⅛
23⅞	10⅞	SciAtl .16		.8	14	394	21⅜	20⅞	21⅛	−⅛
15	9	Scotm n.05e		.5		603	10⅜	10⅛	10⅜	+⅜
52½	34½	ScotP .80		1.7	9	504	48½	48⅛	48¼	−⅛
18⅝	10½	Scottys .30j			71	2	16⅛	16⅛	16⅛	−⅛
18⅛	8½	ScudNA .07e		.5		42	13⅝	13½	13½	−⅛
74¼	27	SeaCnt .45e		.7	16	2048	63⅞	63	63⅞	+⅛
14½	12⅞	SeaCt pf1.46		11.		5	13⅛	13⅛	13⅛	−⅛
17⅞	14½	SeaC pfB2.10		14.		14	15½	15⅜	15½	
[illegible]										

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
46⅛	35½	Tandy .60								
14⅛	8½	TchSym								
24⅛	16⅛	Tektrnx .60								
2⅛	1⅛	Telcom								
40	17½	TlcmUS								
380⅛	321⅝	Teldyn 4								
27⅞	22½	Telef 1.08e								
21⅛	19⅛	Telerte .52								
69⅛	44½	Templl 1.16								
10⅛	8⅛	TpGGv n.96								
9⅞	8⅛	TmpGlb 1.02								
10⅛	8⅛	TmplVl n.29e								
84⅛	48⅞	Tenneco 3.04								
14⅛	10⅛	Terdyn								
14⅛	8⅞	Tesoro								
25½	17⅛	Tesor pf2.16								
56⅝	44⅞	Texaco 3a								
50½	48⅝	Tex pfC								
36⅞	24⅞	Texind .60b								
46⅛	30⅞	TexInst .72								
54	30⅛	TxPac .40								
34⅝	27⅞	TexUtil 2.92								
12½	5⅛	Texfi								
10½	8⅛	Texfi pf 1								
29⅝	23	Textron 1								
9⅛	6⅞	Thack								
28⅞	11⅝	Thai .29e								
37⅞	16⅝	ThrmEl								
16	12⅞	Thiokl n .30								
[illegible]										

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
10⅛	7⅛	WylsLb .28		3.1	15	14	9	9	9	−⅛
9⅞	4½	Wyse				4770	8⅛	8⅛	8½	−⅛
		−X−Y−Z−								
69	53⅞	Xerox 3		5.2	16	1465	58½	57⅝	57⅞	−¾
48⅛	44½	Xerox pf4.13		8.8		1	47	47	47	
44¼	24	XTRA .72		2.9	7	26	24⅞	24½	24½	−⅛
33	22½	XTRA pf1.94		8.4		1	23	23	23	+½
4⅛	2	Zapata				107	2⅛	2⅛	2⅛	+⅛
21½	11½	ZenithE				1705	12⅝	12⅛	12⅜	+⅛
2½	⅝	vjZeolLb				842	13-32	⅜	⅜	−1-32
21½	15	ZenNtl .84		4.5	6	3	18⅝	18⅝	18⅝	
10⅝	6⅞	Zenix 1.26		17.		121	7⅞	7½	7½	−⅛
18½	12½	Zero s .40		2.6	14	19	15½	15½	15½	+⅛
44⅛	25⅛	Zurn .76		2.0	17	588	38⅛	37⅛	37⅛	−⅞
12⅞	10	Zweig 1.12e		9.5		240	11⅛	11⅝	11⅞	
10⅛	8⅞	ZweigTl .95		9.8		1136	9⅝	9⅝	9⅝	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales infull. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

2pm prices November 2

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							
Presd A .18			3321	u 8	7½	8	+⅜
PrcCm s			57	4⅞	4⅛	4⅛	−⅛
Prism		11	75	2⅞	2⅛	2⅛	−⅛
[illegible]							

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NASDAQ NATIONAL MARKET

2pm prices November 2

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]						
William 1.45	7	116	49⅛	49⅛	49½	−⅛
WmSon s	28	9	25	25	25	
WilmTr 1.24	12	x37	40⅛	39½	40⅛	+½
WiserO .40	47	42	18⅞	18½	18⅞	−⅛
Wolohn .28b	9	164	18½	18⅞	18⅞	−⅞
WrldEx h		1748	8⅛	7⅞	8⅞	+⅞
Worthg .56	17	114	24½	24⅛	24⅛	
Wyman .80		52	15	14½	14½	
−X−Y−Z−						
XL Dta s	12	841	16½	d15	15⅛	−⅛
XOMA		443	22	21½	22	+⅛
Xicor	5	404	4½	4⅛	4⅛	−⅛
YenEnS .38e		393	20⅛	19⅞	20⅛	+⅛
YelowF .76	11	153	25⅛	25⅞	25⅞	
YorkRs		990	7⅞	6½	6⅞	+⅜
ZionUt 1.44		80	31⅛	30½	30½	+⅛

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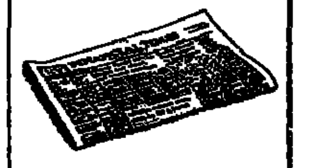

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AMERICA

High-tech weakness sends Dow into decline

Wall Street

WEAKNESS in technology stocks, after Compaq Computer issued a forecast of lower fourth-quarter earnings, pulled the broad market down yesterday morning, *writes Janet Bush in New York.*

At 3 pm, the Dow Jones Industrial Average was quoted 30.33 points lower at 2,615.57 in moderate trading volume of 93m shares. Price declines in the technology sector pulled the Nasdaq Composite index lower; many high-tech and computer companies are listed on the Nasdaq electronic over-the-counter market.

Compaq Computer plunged $15⅝ to $89⅞ after the company forecast that its fourth-quarter earnings would fall short of both the previous year's level and analysts' predictions. Compaq's share price had already come under pressure, as investors reacted with disappointment to the company's third-quarter earnings.

Weakness in the sector took IBM down $¾ to $98⅞, Digital Equipment off $1⅞ to $90⅞, Hewlett-Packard $1⅞ lower to $44⅝ and Cray Research down $1⅞ to $36. On the over-the-counter market, Sun Microsystems fell $⅝ to $16⅞.

Computer Associates International, the most heavily traded stock on the New York Stock Exchange yesterday morning, followed by Compaq, fell $⅜ to $11⅞. Analysts believe that the company, which announced disappointing fiscal second quarter earnings recently, citing a $30m charge associated with its acquisition of Cullinet Software, may have given the market less information than it needed.

At the time, it was believed that the whole charge was taken in the second quarter, but now analysts are saying that half of the charge was taken in the first quarter, making the latest results even more disappointing.

Developments in the technology sector represent another aspect of what has been a more general realisation recently – that the economic deceleration has started to take its toll of corporate profitability.

In that context, monetary policy and the chances of another easing have become important for the equity market.

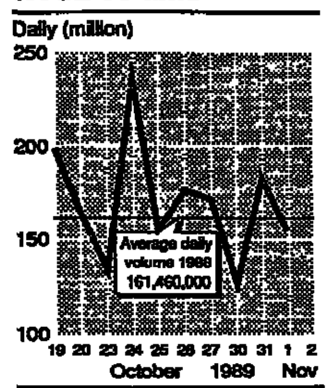
It is hoped that today's October employment statistics will be weak enough to induce the US Federal Reserve to lower its current, 8¾ per cent Fed Funds rate.

A jump in weekly unemployment claims reported yesterday also suggests that October jobs figures could show a rise in the unemployment rate of as much as 0.2 per cent.

Among featured stocks yesterday, Eastman Kodak fell $2 to $42⅞. The company said that it expected to take a substantial restructuring charge in the fourth quarter, and announced earnings below the year-ago level.

UAL, the parent company of United Airlines, was back in the headlines yesterday after it emerged that Mr Saul Steinberg, the New York financier, had filed for clearance to acquire a stake of more than 15 per cent in the company. UAL added $⅞ to $177⅞.

Jaguar's American Depositary Receipts fell $1 to $12⅞ in over-the-counter trading after it agreed to be acquired by Ford Motor for $2.5bn, or about $13.32 a share. Ford shares fell $⅞ to $47 and General Motors, which had also shown interest in Jaguar, fell $⅞ to $44⅞.



Canada

ADVANCING GOLD shares offset declining industrial issues to leave Toronto stocks flat in moderate volume at midsession. The gold index was trading at a year's high, up 133.23 points in early trade at 6,704.67.

The composite index slipped 2.3 to 3,933.3 on trade of 17.9m shares. Declining shares led advances by 262 to 223.

CAE Industries continued to decline, falling C$⅞ to C$13⅞. Mr David Race, chief executive, said that certain CAE units were performing below acceptable levels and that there must be structural and management improvements.

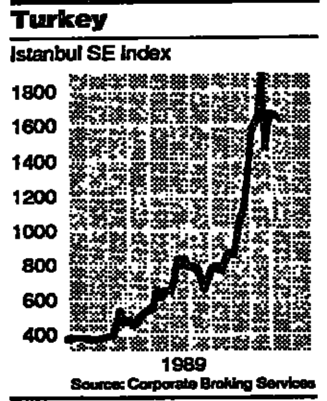
Resilient Turkey puts doldrums behind it

Shares are off their peaks, but foreigners are still interested, writes Jim Bodgener

A KNOT of grouchy small punters has gathered outside the doors of Istanbul's minuscule stock exchange in Tophane, down by the docks, for the past two days, shouting for the resignation of its chairman, Mr Muharram Karsli. They are furious at being shut out from the bourse's trading floor under a graded entry system favouring high-volume investors, because of overcrowding.

"It's a bit hard to shunt them out of an exchange only recently revamped specifically on a retail system," said an Istanbul-based foreign banker yesterday. The bull market this year has prompted a surge of interest from small traders and businessmen and, even though the bulk of trading is institutional, few investors buy or sell in parcels above 1,000 shares.

The index, however, has not been much affected by the move, although it is falling slowly from a peak of 1,896 reached on October 12, at the height of this year's bull run. Yesterday it was 1,627, down 37 on Tuesday, in a trading volume of TL10.3bn ($4.4m).



More significantly, investors are holding back and waiting to see who will be the next premier, following Tuesday's election of former premier Mr Turgut Ozal as president. The market has fluctuated with Mr Ozal's last-minute declaration of candidacy and the subsequent three rounds of voting over the past fortnight.

For all this mild bearishness, there is an underlying resilience, in contrast to the doldrums into which the market sank last year, when the index fell to 300-350 on trading volumes of only TL300m.

Moreover, there is now a positive flow of foreign investment – emergent market funds have finished restructuring their portfolios, after saturation buying when the Ozal Government threw open the exchange to foreign investment on August 9.

The exchange still has a long way to go, however, before becoming immune to intense bouts of speculation, say the authorities. At present, equities represent only about 5 to 6 per cent of trading in the Turkish capital markets, the remainder being largely government securities, commercial paper and bonds.

The market is also vulnerable to profit-taking raids from traders in the *tahtakale*, the illicit but tolerated free foreign exchange market in the old city across the Golden Horn. The traders are infrequent and disloyal players on the exchange, driven there by slack returns from foreign exchange dealings because of the rough equilibrium attained by the lira in both the official and unofficial exchange rates.

Equities have also had to contend with the introduction of savings certificates linked to house and land ownership by the Government.

However, dealers say the index will probably climb again once the next premier is named. The future looks pretty rosy, according to one dealer yesterday – two foreign investors, each with $1m to spend, had approached him already this week.

A capital markets reform bill framed by the watchdog Capital Markets Board in Ankara will probably become law by the year's end. It includes several new instruments such as preferred and non-voting stocks, asset-backed securities based on real estate, and new institutions such as a rating agency.

For the first time, too, insider trading will be made illegal, although prosecutions will have to wait until the market is more developed and more stable.

ASIA PACIFIC

Profit-takers emerge as yen continues to decline

Tokyo

PROFIT-TAKING overcame selective buying yesterday, and share prices ended moderately lower before today's holiday, *writes Michiyo Nakamoto in Tokyo.*

Investors kept a short-term perspective, amid mounting uncertainty about interest rates as the yen continued to be weak against the dollar. It seemed safer to take profits before the three-day weekend and wait for the announcement of US unemployment figures.

The Nikkei average opened weaker and generally kept to a down-trend, before closing 69.57 lower at 35,494.86, against a day's high of 35,555.71 and a low of 35,360.80. Declines exceeded advances by 533 to 400, with 183 unchanged.

Volume sank from 970m to 791m shares, as the Topix index of all listed shares lost 6.16 to 2,685.03. In London, the ISE/Nikkei 50 index edged up 2.99 to 2,056.77.

Rotational buying of individual companies took investors from share to share, in a race to buy whatever offered the prospect of a quick profit. As on Wednesday, this meant that recent favourites were summarily shown the door.

Accordingly, Ishikawajima-Harima Industries, the shipbuilder, lost Y30 to Y1,310. It was third in volume terms, with 25.5m shares. Ishikawajima had ostensibly been popular on good business prospects and for its land; but at least one broker thought that trading in the issue stood out curiously from that of other shipbuilders, suggesting that some significant announcement could be made soon.

Yasuda Fire and Marine, which had risen sharply on takeover speculation stemming from the prospect of restructuring in the industry, fell Y60 to Y1,820.

However, one persistent contender made a come-back, as the Tokyu group of companies returned to the limelight after a sluggish performance over the past two days, supported by the aggressive activity of the large securities firms.

The case against Tokyu Corp becoming a market leader took in its exceedingly high price/earnings ratio, of over 450, and the fact that it was being sought mainly on speculative talk about the shareholdings of its late chairman. This seemed to gain widespread acceptance on Wednesday, but yesterday it was forgotten again.

Trading in Tokyu Corp swelled to 60.2m shares, bringing it to top position on the actives list, and its price climbed Y110 to Y2,960; during the day Tokyu had jumped almost 6 per cent, with a gain of Y170 to a record Y3,020.

The Osaka-based railway company, Hankyu, benefited from interest that spilled over from Tokyu. Dubbed the "Tokyu of the west," as it is also a railway company and at the core of a group with interests ranging from retail, through real estate to leisure, Hankyu was second in volume with 28.3m shares and advanced Y60 to Y1,600.

Weakness in utilities, large-volume steels and shipbuildings overshadowed selective buying interest in Osaka and the OSE average finished 71.00 lower at 36,463.16. Volume fell to 69m shares from 75m.

Roundup

OTHER markets in the region either waited for Wall Street, or inspected their own concerns in a fairly unexciting way, with the exception of Manila which came back revived from a holiday on Wednesday.

AUSTRALIA recovered from an early downward drift and the All Ordinaries index closed 3.3 higher at 1,652.0 after an early low of 1,641.1. Turnover was 94m shares and A$174m, up from 93m and A$142m.

Banks weakened on news that Moody's Investors Service is reviewing the credit ratings of Westpac Banking and National Australia Bank, for possible downgrading. Westpac closed 4 cents lower at A$5.10 and National Australia Bank slipped 4 cents to A$6.72 on turnover of 2.5m.

Gold issues also fell in early trade, before a dip in the Australian dollar helped the index to close 2.3 higher at 1,595.4. Leading mining issues were mixed, but MIM gained 3 cents to A$2.44; it said that it would spin off its Highlands Gold unit, in Papua New Guinea, through share issues to raise US$115m.

NEW ZEALAND also recovered from some early selling, and the Barclays index ended 3.53 lower at 2,129.07 after a 6.13 decline in the morning.

Turnover was boosted by activity in the market leader, Fletcher Challenge, which fell 4 cents to NZ$4.47. About 1.4m Fletcher shares worth NZ$6.3m changed hands.

HONG KONG saw the Hang Seng index shed 9.83 to 2,711.86, as turnover shrank from HK$860m to HK$551m.

The Hong Kong market has been susceptible to the swings on Wall Street since the New York mini-crash of Friday, October 13; yesterday's dull market was ascribed mainly to the mixed outlook for the US economy, and anxiety before the release of its October unemployment figures today.

SINGAPORE had a third day of low turnover, and share prices ended little changed, with the Straits Times industrial index rising 0.94 to 1,336.18.

SEOUL dropped to its lowest level in nearly four months in very slow trading, the mood dampened by a sharp fall in the trade surplus for the first 10 months of 1989 and by increasing signs of confrontation between the Government and opposition parties.

The composite index fell 5.93 to 885.34, its third consecutive fall, as only 5.1m shares worth 118.7bn won changed hands.

MANILA rose after Wednesday's holiday, as institutions bought into selected commercial and mining stocks, while professional traders shifted profits into small board issues. The composite index rose 12.70 to 1,322.07, close to its all-time high of 1,333.

THE DELISTING of Malaysian companies from the Stock Exchange of Singapore will take effect by December 31, Mr Nik Mohamed Din, executive chairman of the Kuala Lumpur Stock Exchange, said yesterday.

The KLSE would, however, be flexible in enforcing the date, to cater for any unforeseen technical problems.

SOUTH AFRICA

GOLD STOCKS closed mixed to a little higher as the bullion price held steady. Vaal Reefs finished R3.50 higher at R372.

EUROPE

Profit upsets depress Amsterdam

HARD currency markets took it on the chin as disappointing results, a lack of buyers and interest rate fears held sway, *writes Our Markets Staff.*

AMSTERDAM sank back into depression as the respite provided by DSM's better than expected results on Wednesday was shattered by a dull third quarter performance from the other leading chemical company, Akzo, and an upset from Wessanen, the food group.

The CBS tendency index fell 2.7 to 178.8 as "the whole market turned soggy," in one salesman's words. Confidence is brittle and investors are more inclined to pay attention to the bad news and stay away.

Wessanen plunged Fl 12.10, or 16 per cent, after the news late on Wednesday that it now expects earnings per share for the year of Fl 5 against its previous forecast of Fl 6.

Akzo shed Fl 3.70 to Fl 129.30 after it reported net profits per share of Fl 5.17 in the third quarter, compared with expectations of about Fl 5.50.

KLM was another disappointment with an unexpected 10 per cent fall in its second quarter net profits because of an absence of extraordinary gains, and the share price retreated Fl 2 to Fl 44.60.

FRANKFURT wiped out three days' modest gains as the DAX closed 16.18, or 1.1 per cent, lower at 1,460.01 after a 1.83 decline in the FAZ to 619.39. It was the lowest close for the DAX since the 1,385.72 level on October 16, when it sustained a single day's fall of nearly 13 per cent.

Volume stayed low at DM2.9bn. One trader noted that a single modest sell order for 250 shares of the steelmaker, Hoesch, knocked its price down by DM4. Hoesch ended DM6.50 weaker at DM231.

There are some pragmatists around: Kleinwort Benson has moved its recommendation up to a full weighting, arguing that the improved interest rate background, the strengthening of the D-Mark against the dollar and signs of a cooling down in domestic demand bode well for long-term prospects.

PARIS saw turnover sustained by a sharp rise in LVMH and by strong institutional buying in Eurodisneyland, but overall trading was subdued following Wednesday's holiday. The OMF 50 index ended just 0.19 higher at 498.56 in turnover estimated at a little over FFr2.5bn.

LVMH had an uncertain day, thanks to the compromise court ruling on the 1987 issue of bonds with warrants which ended up in the hands of Mr Bernard Arnault, the chairman. The court decided to take no action over the issue, even though it regarded it as irregular. The share price surged to FFr4,999 on speculation that Mr Arnault and his ally, Guinness, would have to buy more shares to reinforce their position against Mr Henry Racamier, Mr Arnault's chief opponent. But then the opposite view appeared to prevail and the shares fell back to close FFr61 higher at FFr4,860.

Eurodisneyland rose FFr2.70 to FFr82.70 – the stags in the new issue had now been flushed out and genuine institutional buyers, from the UK and the Continent, were moving in, said one analyst.

In the Paribas/Mixte affair, Paribas rose FFr11 to FFr639 and Navigation Mixte fell FFr12 to FFr1,877. Mixte said it had permission to raise its stake in Paribas above 10 per cent from over 5 per cent; but some investors had apparently been expecting Paribas to raise *its* bid for Mixte and were disappointed when it did not.

MILAN produced its second consecutive technical recovery after six straight declines, the Comit index rising 6.56 to 652.71. However, volume remained thin on settlement day for the October account.

Banks, which had lost considerable ground, made a better than average recovery. Banca Commerciale rose L60 to L4,840, Mediobanca L315 to L26,290 and NBA L134 to L4,869.

BRUSSELS rose but trading remained cautious, with Wall Street still dominating thinking. The cash market index gained 73.65 to 6,304.51.

Raffinerie Tirlemontoise, which had been very active in recent months on speculative interest, was suspended after announcing it was selling its sugar activities to Südzucker of West Germany for BFr38.5bn, or about BFr2,985 a share. It closed at BFr2,735 before Tuesday's holiday.

ZURICH fell on further indications of higher domestic interest rates. The Crédit Suisse index fell 4.8 to 595.1 but in the insurance sector, once again, Swiss Re bearers moved against the trend with a rise of SFr100 to SFr13,250. They added SFr150 on Wednesday.

STOCKHOLM saw Ericsson, the telecommunications group, make a late break, amid optimism about its interim figures, due in two weeks' time. Its free B shares surged in the last hour of trading, adding SKr20 to SKr840. The Affärsvärlden General index gained 4.6 to 1,222.0.

HELSINKI saw Wärtsilä free series I shares fall FM22 to FM375 following moves to save Wärtsilä Marine, the shipbuilder.

OSLO advanced again in moderate trading on the back of higher oil prices and hopes of further tax cuts in today's revised state budget proposal.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY NOVEMBER 1 1989						TUESDAY OCTOBER 31 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (85)	149.14	+0.1	139.77	126.97	+0.2	5.21	148.97	139.96	126.67	160.41	128.28	148.64
Austria (19)	149.59	+0.1	140.19	142.88	+0.0	1.70	149.42	140.38	142.88	172.22	92.84	95.96
Belgium (63)	137.46	+0.0	128.82	131.02	+0.0	4.22	137.46	129.14	131.02	144.49	125.58	129.68
Canada (122)	149.35	+0.4	139.96	126.96	+0.4	3.32	148.83	139.83	126.52	154.17	124.67	121.24
Denmark (36)	211.91	+0.1	198.60	206.08	+0.2	1.53	211.78	198.98	205.59	219.89	165.35	148.05
Finland (26)	124.16	−0.1	116.35	110.69	−0.1	2.55	124.27	116.75	110.79	159.16	123.12	127.91
France (126)	132.70	+0.2	124.36	129.74	+0.0	2.90	132.38	124.38	129.74	139.94	112.57	109.34
West Germany (97)	95.84	+0.7	89.82	91.58	+0.6	2.24	95.13	89.37	91.05	103.84	79.56	86.38
Hong Kong (48)	115.02	+0.0	107.79	115.36	+0.0	4.90	115.07	108.11	115.36	140.33	86.41	106.50
Ireland (17)	157.57	+0.3	147.67	153.65	+0.2	2.88	157.05	147.55	153.35	166.69	125.00	134.56
Italy (97)	87.43	+0.3	81.94	88.05	+0.0	2.60	87.21	81.93	88.05	96.73	74.97	84.39
Japan (455)	186.73	−0.4	175.00	168.91	−0.1	0.46	187.43	176.10	169.07	200.11	164.22	174.69
Malaysia (36)	194.20	+0.8	182.00	201.87	+0.9	2.63	192.67	181.02	200.05	209.22	143.35	139.07
Mexico (13)	304.58	+0.9	285.44	872.83	+0.9	0.59	301.85	283.60	865.00	326.61	153.32	157.03
Netherland (43)	126.63	+0.8	118.67	119.86	+0.6	4.42	125.58	117.99	119.13	131.72	110.63	110.13
New Zealand (19)	77.03	+0.8	72.19	69.62	+1.0	5.07	76.39	71.77	68.90	88.18	62.64	73.35
Norway (24)	169.49	+1.4	158.84	158.62	+1.6	1.64	167.13	157.02	156.16	198.39	139.92	119.05
Singapore (26)	156.34	+0.3	146.51	141.28	+0.5	2.09	155.90	146.47	140.53	170.62	124.57	120.45
South Africa (60)	156.46	+0.3	146.62	136.53	+0.5	4.10	156.03	146.60	135.88	160.24	115.35	113.76
Spain (43)	159.86	+0.3	149.82	140.91	+0.0	3.71	159.32	149.68	140.91	169.75	143.14	151.37
Sweden (35)	173.65	+1.5	162.74	164.84	+1.6	2.08	171.01	160.67	162.28	188.94	138.45	131.96
Switzerland (64)	86.39	−0.3	80.96	86.42	−0.4	2.18	86.65	81.41	86.73	94.16	67.81	85.54
United Kingdom (306)	140.01	+1.1	131.21	131.21	+0.8	4.64	138.54	130.16	130.16	158.41	133.26	137.44
USA (546)	138.59	+0.3	129.88	138.59	+0.3	3.33	138.19	129.83	138.19	146.29	112.13	113.78
Europe (996)	123.36	+0.7	115.61	116.98	+0.5	3.59	122.52	115.11	116.43	132.95	112.63	114.36
Nordic (121)	166.55	+0.9	156.09	153.15	+1.0	1.86	165.14	155.15	151.70	178.38	137.95	126.18
Pacific Basin (669)	182.49	−0.3	171.02	165.12	−0.1	0.72	183.12	172.05	165.25	194.72	160.44	170.88
Euro−Pacific (1665)	158.91	+0.0	148.92	145.87	+0.1	1.63	158.94	149.33	145.73	166.98	141.56	148.29
North America (668)	139.13	+0.3	130.39	137.87	+0.3	3.33	138.73	130.34	137.47	146.66	112.79	114.16
Europe Ex. UK (690)	112.21	+0.4	105.16	108.17	+0.2	2.86	111.74	104.98	107.91	118.51	96.30	99.85
Pacific Ex. Japan (214)	131.58	+0.2	123.31	118.03	+0.3	4.80	131.38	123.43	117.73	140.05	111.93	125.06
World Ex. US (1860)	158.64	+0.0	148.67	145.38	+0.1	1.70	158.65	149.06	145.23	166.35	141.49	147.02
World Ex. UK (2100)	151.48	+0.0	141.96	144.22	+0.1	2.01	151.48	142.32	144.06	156.04	136.98	133.87
World Ex. So. Af. (2346)	150.40	+0.1	140.94	143.04	+0.2	2.22	150.28	141.18	142.80	155.92	136.67	134.30
World Ex. Japan (1951)	133.22	+0.4	124.85	129.70	+0.4	3.49	132.65	124.63	129.24	140.43	114.51	114.74
The World Index (2406)	150.43	+0.1	140.98	142.99	+0.2	2.23	150.30	141.21	142.75	155.89	136.68	134.17

Latest prices were unavailable for this edition. Markets closed November 1: Austria,Belgium,France,Italy and Spain.
Constituent change 2/11/89: Deletion: Wellesley Res.(New Zealand).

The tricky question of candidates' values

By Michael Dixon

AS ENDURING readers will know, this column is always keen to forewarn job-seekers of new questions likely to be tossed at them in interviews. And it so happens that an example came to light the other day at the conference of Britain's Institute of Personnel Management, in Harrogate. To wit:

What issues would you resign over?

The revelation occurred during a talk on American Express's plans to develop the top managers required to take the company into the next century. But there is a good chance that the many other companies thinking on similar lines will adopt the same interviewing tactic.

The rationale behind it is that the top managers of a few years hence will need to be different from those who have so far been in charge.

In big organisations at least, the present set tend to be practical folk who judge what to do by applying logic to their stock of knowledge, which is based mainly on the evidence of their own senses. It is an approach that could well soon be outdated as new technology ramifies and markets become global.

American Express expects that, in such complex and changeable conditions, top managers will be unable to rely so heavily on knowledge based on what they can see, hear and otherwise sense is already going on around. While still giving due weight to practicality and logic, they will need to be more intuitive and visionary, basing their judgment on values.

Accordingly a candidate's values, if any, are now seen as a decisive indicator of potential for high-ranked work. Hence the aforesaid question, which is designed to find out what they are.

I must admit a certain scepticism about the plan's ability to deliver the top managers needed in future. After all, values are just as liable to be invalidated by change and increasing complexity as knowledge based on the evidence of the senses. But one thing I feel sure of is that the question about resignation issues is of the type that are hard for candidates to answer in any way without dishing their chances of the job.

Honesty could hardly be a good policy. In that case, top of most people's lists would be the issue of their being offered a better job elsewhere — denoting a selfishness unlikely to be the sort of value the recruiter seeks.

Devious answers seem equally risky. To win the job, they presumably need to be approved not only by the enlightened personnel staff looking to the future, but by some less visionary member of existing top management. Try as I might to devise a reply with a fair chance of pleasing both, I cannot.

So my best hope lies in what happened just three years ago with another recruiters' question which research found to be of the hiding-to-nothing type too. It is: *What are your interests outside work?* The study showed that, for every employer who approved of any particular leisure-time activity, at least a dozen were antagonised by it.

Unable to find a solution, I asked for readers' help. The goods were soon delivered by Angela Mackworth-Young. The best reply, she said, is: *Healthy and normal.*

If any of you can do likewise with the question about resignation issues, I will gratefully pass on the tip in due course.

Market omens

ANOTHER enigma arising today is whether the state of the market for upper-ranked staff in the United Kingdom is discouraging for Britain's longer-run economic outlook or the opposite. The pattern of advertised demand for managers and high-grade specialists over the 12 months to September 30 is shown by the table above, compiled from the quarterly counts made by the *MSL* International recruitment consultancy.

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALISTS
(12 months to September 30)

Type of work	1988-89 Posts advertised	1988-89 Change from 87-88 %	1987-88 Posts advertised	1987-88 Change from 86-87 %	1986-87 Posts advertised	1986-87 Change from 85-86 %	1985-86 Posts advertised	1985-86 Change from 84-85 %	1984-85 Posts advertised	1984-85 Change from 83-84 %
R & D	4,431	+12.6	3,935	+25.6	3,133	−26.5	4,263	−40.2	7,129	− 5.4
Sales & mktg	4,398	−29.1	6,204	− 0.2	6,215	− 2.4	6,068	− 7.6	6,566	− 5.3
Production	6,362	−16.7	7,636	+54.9	4,931	− 4.3	5,152	−29.1	7,267	+ 7.4
Accounting	7,064	−10.9	7,925	+ 8.1	7,334	+15.2	6,368	− 1.9	6,492	+ 9.6
Computing	4,119	−10.5	4,602	+37.0	3,358	− 9.8	3,724	−13.5	4,304	+ 8.7
General manag't	1,394	−19.3	1,728	+16.8	1,479	+15.8	1,277	− 2.4	1,308	− 0.4
Personnel	1,233	+15.8	1,065	same	1,065	+18.3	900	− 6.5	963	− 6.9
Others	7,996	+ 9.4	7,307	+14.7	6,372	+16.2	5,484	−14.4	6,407	+16.4
Total	*36,997*	*− 8.4*	*40,402*	*+19.2*	*33,887*	*+ 2.0*	*33,236*	*−17.8*	*40,436*	*+ 3.7*
Oct.-Dec.	9,048	− 2.2	9,248	+17.8	7,850	− 8.7	8,596	− 3.3	8,893	+ 3.9
Jan-March	10,915	− 2.7	11,223	+22.4	9,166	+ 4.1	8,804	−24.3	11,624	+ 9.3
April-June	9,176	−13.4	10,593	+23.2	8,597	+ 5.2	8,172	−21.6	10,412	+ 3.8
July-Sept	7,858	−15.8	9,338	+12.9	8,274	+ 8.0	7,684	−19.4	9,507	− 2.6

As may be seen from the overall numbers of executive job openings in the bottom five lines of the table, not only is the latest 12-monthly total down from the 1987-88 level, but the decline has steepened as this year has progressed.

There is similarly sad news in the top part of the table which gives the 12-monthly figures for eight broad types of executives. Demand for most of them has fallen by comparison with 1987-88. Moreover except for production management, which although down over the 12 months did better in July-September than in April-June, they have fallen at a faster rate with each successive quarter.

The "Others" category — covering people such as buyers, company legal staff, economists, and assorted consultants — has suffered a particularly sudden drop. There were 2,236 jobs for them advertised in April-June, and only 1,407 in July-September.

But there is one bright spot which leads *MSL's* market-watchers to think that, although the bulk of the figures indicate a loss of confidence by employers, their depression is only of a short-run kind. The good omen is the growing demand for specialists in research, design and development which has just registered its strongest July-September quarter since the peak year of 1984-85.

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Interested candidates should forward their c.v. to Brian Jarvis, Senior Consultant

Jonathan Wren
Recruitment Consultants
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Telephone: 01-623 1266 Fax: 01-626 5258

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Please state any company to which your application should not be sent.

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Director of Internal Auditing
P.O. Box 1011, Riyadh 11431
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The future development of our activities in Italy necessitates the requirement for and the recruitment of a Treasurer located in our Milan Office.

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The level of salary will not be an inhibiting factor for the right candidate together with the traditional benefits associated with a Bank of our standing and the successful applicant will become part *of our global treasury team.*

In the first instance please write with full career details to: L. Hickson, Manager Personnel and Administration, Barclays Bank PLC, 29 Gracechurch Street, London EC3V 0BE. Tel: 01-626 0588 Ext. 2400.

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Sheena Gibson
Personnel Manager
PosTel Investment Management Limited
Standon House
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Please note separately any companies to whom you do not wish your application to be forwarded

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Our client, a major international bank is currently looking for an experienced corporate dealer with a wide exposure to cash and derivative products within Treasury.

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Contact or send detailed CV to **BRIAN GOOCH 01-588 3991** or evenings **0255 673797 (8-10 pm).**

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TSA MEMBER

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SWITZERLAND

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Candidate must possess a minimum of two years' sales experience and must be fluent in either English or Italian.
Salary negotiable.

Write Box A1387, Financial Times, One Southwark Bridge, London SE1 9HL

COMPANY NOTICES

RAND MINES LIMITED

Member of the Barlow Rand Group

Registration No. 01/00656/06
(Incorporated in the Republic of South Africa)

Rights offer - salient dates

The directors announce that The Johannesburg Stock Exchange ("the JSE") has granted a listing for the renounceable (nil paid) letters of allocation ("letters of allocation") and the shares to be issued pursuant to the Rand Mines rights offer. Application has been made to the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("the ISE") for admission to the official list of that stock exchange of the shares to be issued pursuant to the Rand Mines rights offer.

In terms of the rights offer, shareholders are entitled to subscribe for new shares at 7 600 cents per share in the ratio of 33 new shares for every 100 shares held in Rand Mines at the close of business on Friday, 3 November 1989.

The salient dates of the rights offer are:

Friday 3 November 1989	Last day to register for the rights offer ("the record date").
Monday 6 November 1989	Listing of letters of allocation commences on the JSE and of new shares (nil paid) on the ISE.
Friday 10 November 1989	Rights offer opens in Johannesburg and London (09:30)
Wednesday 29 November 1989	Listing of letters of allocation on the JSE ceases at close of business.
Wednesday 29 November 1989	Last day for splitting letters of allocation in London (14:30).
Thursday 30 November 1989	Last day for splitting letters of allocation in Johannesburg (14:30).
Thursday 30 November 1989	Listing of new shares on the JSE commences.
Friday 1 December 1989	Listing of new shares (nil paid) on the ISE ceases at close of business.
Friday 1 December 1989	Rights offer closes in Johannesburg and London at 14:30.
Monday 4 December 1989	Listing of new shares (fully paid) on the ISE commences.
Wednesday 6 December 1989	Last day for receipt of acceptances posted on or before 1 December 1989.
By Wednesday 13 December 1989	Share certificates and refund cheques posted.

All times given in this document are local times in Johannesburg and in London, as appropriate.

A copy of the rights offer circular, including the renounceable (nil paid) letter of allocation, which is to be posted to Rand Mines shareholders on Friday, 10 November 1989, will be available for inspection at the registered address of Rand Mines, 15th Floor, The Corner House, 63 Fox Street, Johannesburg, and at the office of the United Kingdom secretaries, Viaduct Corporate Services Limited, 40 Holborn Viaduct, London. EC1P 1AJ, during normal business hours from Friday, 3 November 1989 up to and including Friday, 1 December 1989.

Johannesburg
1 November 1989

Registered office:
15th Floor
The Corner House
63 Fox Street
Johannesburg, 2001

United Kingdom secretaries:
Viaduct Corporate Services Limited
40 Holborn Viaduct
London EC1P 1AJ

United Kingdom registrars and paying agents
Registration office:
Barclays Registrars Limited
6 Greencoat Place
London, SW1P 1PL

Bearer reception office:
Hill Samuel Bank Limited
45 Beech Street
London, EC2P 2LX

RAND MINES LIMITED

Member of the Barlow Rand Group

Registration No. 01/00656/06
(Incorporated in the Republic of South Africa)

RIGHTS OFFER

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER

Rights offer of 3,699,549 new shares in the ratio of 33 new shares for every 100 shares of R1 each held at a price of 7600 cents (South African currency) per share.

Copies of the rights offer circular to members dated 10 November, 1989 will be available for holders of share warrants to bearer at the offices of the United Kingdom registrars and paying agents and at the offices of the company's United Kingdom secretaries and Paris correspondents from Friday, 10 November, 1989.

The following are the arrangements for holders of share warrants to bearer who wish to participate in the rights offer:

(a) In the United Kingdom.
Holders of share warrants to bearer who wish to take up their rights (and/or claim any fractional entitlement) should surrender coupon No. 102, together with a duly completed listing, acceptance and excess application form, (in duplicate) and a banker's draft for the amount due, payable in South African currency marked "not negotiable" and made in favour of "Rand Mines - Rights Offer" to:-
Barclays Registrars Limited
6 Greencoat Place
London SW1P 1PL
United Kingdom
by Thursday, 30 November, 1989. Holders of share warrants to bearer who wish to obtain a renounceable (nil paid) letter of allocation (and/or claim any fractional entitlement) should surrender coupon No. 102, together with a duly completed listing and request form to Barclays Registrars Limited at the address shown above by Monday, 27 November, 1989.
Forms are available from Barclays Registrars Limited.

(b) In France.
Holders of share warrants to bearer who wish to take up their rights (and/or claim any fractional entitlement) should surrender coupon No. 102, together with a duly completed listing, acceptance and excess application form, (in duplicate) and a banker's draft for the amount due, payable in South African currency marked "not negotiable" and made in favour of "Rand Mines - Rights Offer" to:-
Credit Lyonnais, S.A.
19 boulevard des Italiens
Paris 75002
France
by Thursday, 23 November, 1989. Holders of share warrants to bearer who wish to obtain a renounceable (nil paid) letter of allocation (and/or claim any fractional entitlement) should surrender coupon No. 102, together with a duly completed listing and request form, to Credit Lyonnais, S.A. at the address shown above by Thursday, 23 November, 1989.
Forms are available from Credit Lyonnais, S.A.

(c) Coupons not lodged by Thursday, 23 November, 1989 in Paris or by Thursday, 30 November, 1989 in London will not qualify for the rights to new shares and will be no further value.

(d) Holders of share warrants to bearer who wish to apply for additional shares must complete either the separate section contained in the listing, acceptance and excess application form or the separate section contained in the letter of allocation.

(e) Persons subscribing for new shares whose entitlement derives from a holding represented by share warrants to bearer will have new shares issued to them only in registered form.

London
1 November, 1989

For and on behalf of Viaduct Corporate Services Limited UK Secretaries GA Wilkinson

United Kingdom secretaries:
Viaduct Corporate Services Limited
40 Holborn Viaduct
London, EC1P 1AJ

United Kingdom registrars and paying agents:
Barclays Registrars Limited
6 Greencoat Place
London, SW1P 1PL

Paris correspondents:
Credit Lyonnais, S.A.
19 Boulevard des Italiens
Paris 75002

OK BAZAARS (1929) LIMITED
(Incorporated in the Republic of South Africa)
(Declaration of Dividend)

NOTICE IS HEREBY GIVEN that interim dividend number 116 of 25 cents per share in respect of the financial year ... [illegible]

BY ORDER OF THE BOARD.

P E KRITZINGER
Secretary

Registered Office
OK Buildings
80 Eloff Street
Johannesburg 2001

Transfer Secretaries
Barclays Registrars Limited
6 Greencoat Place
London SW1P 1PL

25th October 1989

OK BAZAARS (1929) LIMITED
(Incorporated in the Republic of South Africa)
Notice to 6% Second Cumulative Preference Shareholders
Dividend Number 102

NOTICE IS HEREBY GIVEN THAT the half yearly dividend of 3% has this day been declared ... [illegible]

BY ORDER OF THE BOARD.

P E KRITZINGER
Secretary

Registered Office
OK Buildings
80 Eloff Street
Johannesburg 2001

Transfer Secretaries
Barclays Registrars Limited
6 Greencoat Place
London SW1P 1PL

25th October 1989

LEGAL NOTICES

IN THE MATTER OF TRELLEBORG RUBBER LIMITED AND IN THE MATTER OF THE CYPRUS COMPANIES LAW CAP 113

Notice is hereby given that the creditors of the above-named company which is being voluntarily wound up are required on or before the 1st day of December 1989 to send in their full names, their addresses and descriptions, full particulars of their debts or claims ... [illegible]

Dated this 1st day of November 1989

A Hadji Rousos FCCA
Liquidator

BAXTER FELL NORTHFLEET LIMITED

Registered number: ... [illegible]
Nature of business: Shop fitters
Trade classification: ... [illegible]
Date of appointment of joint administrative receivers: 20 October 1989
Name of person appointing the joint administrative receivers: Barclays Bank Plc
MICHAEL ANTHONY JORDAN and MICHAEL JOSEPH MOORE
Joint Administrative Receivers
(Office holder nos ... [illegible])
Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ

PERSONAL

PUBLIC SPEAKING Overcome the fear and nervousness of public speaking. Phone Leadership Skills Training. 01-630 [illegible]

PUBLIC NOTICES

NOTICE OF FIRST MEETING OF CREDITORS

PROCESS INTEGRATION UK LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above-named company will be HELD AT ... [illegible]

DATED this nineteenth day of October 1989

By order of the Board

C E Wales
Director

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CANADIAN NORTH ATLANTIC FREIGHT CONFERENCE
CANADA - UNITED KINGDOM FREIGHT CONFERENCES
NOTICE TO SHIPPERS AND CONSIGNEES
QUEBEC CITY AND SAINT JOHN N.B. ARBITRARIES

The Member Lines of the above Conferences operating services between The United Kingdom, Northern Ireland and The Republic of Ireland and Canada ... [illegible]

Atlantic Container Line B.V.
Canada Maritime Ltd
Cast (1983) Limited
Hapag-Lloyd AG
Orient Overseas Container Line (UK) Ltd

Canadian Atlantic Freight Secretariat Ltd
... [illegible]

November 1989

LEGAL NOTICES

Note referred to:-

Notice is hereby given that in a Petition presented at the instance of Radio Clyde plc ... [illegible]

L.A. Patterson
Solicitor for Petitioner
... [illegible]
EDINBURGH EH1 [illegible]

ACCOUNTANCY COLUMN

Final hearings start on US benefits rule

By Pratap Chatterjee in New York

FINAL HEARINGS will begin in Washington today on a proposed US accounting rule which would force companies to deduct from their net earnings the cost of providing retired workers with medical benefits.

So far the Financial Accounting Standards Board (FASB) rule – on accounting for retirement benefits other than pensions – has attracted more than 460 comment letters, making it one of the most discussed FASB projects ever.

Because the US has no national health system, individuals or their employers are expected to pay for their own medical benefits. Companies have tended to deduct the actual cash cost of providing benefits for retirees – just as for medical expenses – from their income every year, rather than setting up a fund to take care of the future liability.

One reason why companies have not funded their retirement coverage in advance and instead gone along this rather haphazard "pay-as-you-go" route is because, unlike pensions, health benefits are not tax deductible. However, tax considerations apart, the FASB rule has concentrated the minds of US companies wonderfully on the problem of just how big the eventual payout could be.

FASB wants companies to calculate the future costs of funding these retirement plans in advance and deduct it from their income now. Acknowledging the difficulty of absorbing the total liability in one year, the rule would allow companies to spread the cost of catching up – but over a period of no more than 15 years. If the rule is adopted, the majority of US companies will have to conform to it by 1992, whilst closely held and foreign companies will have until 1994.

Companies have raised an outcry over the FASB rule, protesting that it could cut their reported profits dramatically. Current estimates of the total unfunded liability range from \$150bn (£95bn) to \$2trillion (million million), all of which would have to be docked off earnings.

A recent field test conducted by the Financial Executives Institute showed that the profits of a sample of 26 large companies (which included Shell and Du Pont), decreased by between 2 and 20 per cent when they applied the rule. Jumping the gun, General Motors last year charged \$820m to its after-tax income of \$3.5bn.

FASB unveiled the proposal in February, after working on it for 10 years. Mr Dennis Beresford, chairman of FASB, said at the time: "Our objective is to maintain the integrity of financial statements."

The proposal has been attacked almost universally by companies and accountancy firms as being too harsh. Mr Lee Seidler, an accounting analyst for Bear Stern's, said: "It could destroy the balance sheets and income statements of US companies."

That companies have been upset by the FASB rule was demonstrated, somewhat melodramatically, at the recent New York hearings.

Mr Carl Landegger, chairman of Black Clawson, an industrial financing company, said: "If this becomes a GAAP (generally accepted accounting principle) it will cause pain. It will cause evil. People will literally lose their healthcare benefits because of this."

Four issues have dominated the discussions so far. While many of those who have written in or spoken in New York do not dispute the necessity of accounting for the future liability, many disagree with FASB's present approach to projecting the level of future pay-outs – because it is based on current pension accounting standards.

US healthcare inflation is much higher than ordinary inflation, because the private medical industry has capitalised on the necessity of its services by steadily increasing prices. FASB wants companies to project future costs based on the current rate of healthcare inflation, plus the cost of technological change.

According to the critics, however, while pension funds can predict exactly how much they will need to pay out in the future, medical plans cannot because healthcare inflation and technological costs are less predictable. They would prefer to use ordinary inflation as a measure of escalating costs.

Another bone of contention is the employee's age of eligibility for these benefits. FASB wants companies to project the costs of providing benefits from the normal age at which employees become eligible for such schemes. This age is commonly 55 in the US. Companies say that the actual company age of retirement – which may range up to 62 – should be the date taken into account. Likewise, the costs of providing the benefits can only be divided over the length of time from employment (or eligibility for retiree benefits) to the date of retirement.

Under the FASB definition, the annual charge to income could be higher because companies have up to seven years fewer over which to spread the costs.

The third issue centres around the catch-up period of 15 years. Companies would like to see this increased to as much as 40 years.

Then there are others who say that the funding costs should be put on the balance sheet rather charged against earnings.

TWO comments have been directed at finding a cheaper way for small companies to implement the rule. Ms Diana Scott, the project manager for the rule at FASB, says neither has offered much more than a simplistic solution. "Both suggestions would have smaller companies use average current cost instead of actuarial projections, which we don't think is a feasible alternative measurement," she said.

Analysts have given the FASB rule a mixed review. The two biggest US rating agencies, Standard & Poor's and Moody's, have welcomed the added information but neither is going to accept the new numbers as an accurate reflection of company retiree health liabilities.

Mr Leo O'Neill, president of debt rating at Standard & Poor's, said: "The new disclosure isn't going to be entirely suitable for our purposes. Just deducting projected and theoretical liabilities isn't enough. We want to look at actual cash outlays and pay-outs, and management plans are also important."

Mr Harold Goldberg, chairman of Moody's corporate committee, said: "The numbers will establish the liability of the company at a point in time. It assumes a number of things, like the fact that the number of employees of the company will remain constant. Management may have other plans and that will not be reflected in the FASB numbers."

At a recent conference, Mr Doug Sherlock, a healthcare securities analyst in Philadelphia, presented the results of a nationwide survey of investment managers his company had conducted.

Only a quarter of the people he surveyed said they would use the FASB figures often in making investment decisions.

The 1974 Employee Retirement Income Security Act set strict rules for pension plans but largely ignored health benefits. A number of companies tried to take advantage of this by slashing their retiree benefits when they went bankrupt. Last year the US Congress made this illegal unless benefit plans forced companies to go into liquidation.

Now companies are threatening that if the costs of retiree benefits are too high, they may have to cut back on the benefits or even on labour. A number of companies are also lobbying for a national health system.

Capital Markets – Tax Specialist

c£45,000 + Substantial Bonus

In the competitive world of investment banking, our client is a European bank where innovative prowess is matched by truly global representation. As a market leader in the swaps business and highly developed niche markets within their sector, they deliver a comprehensive range of products and services required by investors, corporations and sovereign entities within both domestic and international markets.

As a result of continued expansion and success, they now seek to recruit a taxation specialist to work within their deal support team. The role will involve the provision of advice on the tax implications of deal structures, encompassing the following areas:

- Equity issues;
- Mergers & acquisitions and buyouts.
- Swaps;
- Bonds issues;

A sound knowledge of UK corporate tax is essential and a familiarity with European issues advantageous. With strong communication skills, the successful candidate will have the confidence and maturity to liaise easily with both the Bank's senior members of staff and clients.

If you are an accountant with a minimum of 3 years' corporate tax experience and would like to be part of a successful, dynamic and highly professional organisation, then please contact Jane Hayes ACA on 01-831 2000 (evenings/weekends on 01-785 6545) or write to her at Michael Page Taxation, 39-41 Parker Street, London WC2B 5LH.

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Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Group Taxation Manager

Berkshire **c£40,000 + Executive Benefits**

With a turnover in excess of £1.25 bn and significant operations in the UK, Europe, Australasia and North America, our client has achieved excellent expansion in recent years. Sound financial management and selective acquisitions overseas, from which it derives 75% of its revenue, has given the group an enviable position in its industry.

Forming an essential part of the small, head office finance team, the new Group Taxation Manager will have experience of dealing with the tax affairs and fiscal structures of a large multinational group. There will also be involvement with treasury matters and general financial/commercial management issues.

Candidates will be no younger than 35, have commitment, enthusiasm and an incisive practical mind. A communicative personality is essential given the level of management contact and the considerable autonomy of the role. A degree of overseas travel is a prerequisite of this key position.

Details of salary and company benefits will be a matter for individual discussion at the final interview stage.

To discover more regarding the exceptional opportunity, contact Graham King on 01-831 2000 (evenings/weekends on 01-556 6920) or write to him at Michael Page Taxation, 39-41 Parker Street, London WC2B 5LH. Strictest confidentiality assured.

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International Recruitment Consultants
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Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

ICCH FINANCIAL MARKETS

FINANCE DIRECTOR

c.£45,000 + benefits

ICCH Financial Markets, a subsidiary of International Commodities Clearing House, offers a wide range of products and services to the rapidly expanding futures and options markets worldwide. A vacancy exists for a dynamic Finance Director to take immediate responsibility for the financial management of the Company.

We are looking for a qualified accountant with experience in the financial marketplace, a commercial outlook and strong interpersonal skills. The person appointed will have to work closely with the Chairman and Chief Executive of ICCH Financial Markets, advising on all financial matters in a professional and practical manner.

Principal areas of responsibility include:

- management of finance and premises departments
- preparation of management and statutory accounts
- financial appraisal of commercial activities and pricing of services provided
- preparation of business plans/budgets
- preparation and review of contracts and legal documents

This is an exciting opportunity to participate in the growth of a unique organisation. ICCH is an established institution in the City of London and in financial centres worldwide and ICCH Financial Markets is now designing and developing new products and services to meet the growing needs of the futures and options marketplace.

We offer an excellent benefits package which includes a company car, non-contributory pension scheme, free life assurance and performance related bonus.

In the first instance please send your c.v. to:

Joy Brown, Group Personnel Manager, ICCH Financial Markets, Ibex House, 42/47 Minories, London EC3N 1DY. Telephone: 01-265 2246

PQE

CAMBERLEY £28,000 + car

Group Financial Controller

Progressive property services group offers a proactive and influential role which involves working closely with Directors in the control and development of the business. As part of the core management team and the most seniro financial representative in the group, you will sit on subsidiary company boards and make significant contributions to strategic policy and major corporate decisions.
The excellent benefits package includes a top quality company car. Ref: 40A1210B3

Contact the Manager: 1 Cambridge Walk, Camberley 0276 2232
Fax: 0276 29085

CROYDON c£28,000

Financial Controller

A doubling of group profits within this large, firmly established computer marketikng company has created this twin challenge. One aspect is to lead a 12 strong team in Financial and Management accounting operations. The other is to use natural commercial flair and provide the Financial Director with key input on identifying business trends and planning future development strategy.
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Contact the Manager: 52 George Street, Croydon 01-680 4034
Fax: 01-686 5413

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At Birmingham Midshires we can offer all this, and much more.

As a leading player in the field of financial services we have earned a reputation for innovation. Growth of our core business has been matched by diversification into many new areas – including Estate Agency, Personal Banking and Insurance. We currently operate one of the UK's premier Bull (Honeywell) DPS7 Mainframe Computer Centres and we have major investments in micro and mini computers.

When you add to this a real commitment to training and personal development you begin to realise the depth and diversity of the experience you can gain with us. Of equal importance you'll find a role that offers considerable responsibility, recognition and reward and outstanding career prospects.

Whether you are a CERTIFIED, CHARTERED or MANAGEMENT ACCOUNTANT looking for experience in either a generalised or specialist Accountancy role you should be talking to Birmingham Midshires.

Please contact Philippa Harrison on Wolverhampton 710710 for further information. alternatively send full career details to: Birmingham Midshires Building Society, 35–49 Lichfield Street, Wolverhampton WV1 1EL.

Birmingham Midshires Building Society

AMI Healthcare

Director of Finance

Harrow-on-the-Hill ***c. £30,000 + Car***

The Clementine Churchill Hospital is part of the prestigious £130m turnover AMI Healthcare Group plc. Acknowledged as a commercially progressive and highly profitable part of the Group, they now seek an experienced professional to head up the financial function of this successful hospital.

As an active member of the Senior Management team, you will be responsible for managing all financial aspects of the operation, in addition to the introduction of new initiatives for the 1990's, involving considerable emphasis on sound capital investment and profitability. Supported by a highly experienced team, you will have every opportunity to contribute positively to the successful running, expansion and development of The Clementine Churchill Hospital.

Qualified,with impressive commercial experience, ideally gained in a service environment, your proven financial skills should be complemented by a flexible, professional approach. Sound people management skills, the ability to respond to rapid change and substantial exposure to I.T. are all essential.

An attractive salary is matched by a full range of large company benefits including a car.

For further details please contact Andrew Fisher on 01-404 3155. Alternatively, write to him at Alderwick Peachell & Partners, 125 High Holborn, London WC1V 6QA. Fax: 01-404 0140.

Alderwick and Peachell and PARTNERS LTD

Funds Accountant

LONDON **Package Circa £40,000**

Our client is a subsidiary of a major International Bank. It is one of the leading futures brokers and dealers in London with offices around the world. The Company manages and acts as broker to three Futures Funds and is fully committed to further development.

It is now seeking to recruit a Funds Accountant who will be responsible for the accounting, financial reporting and regulatory requirements of the Commodity Funds. The successful applicant will be expected to continue specification and development of computer based management information systems. He/she will gain an early opportunity to become closely involved in the management and administration of the Funds and in the design and launching of new Funds.

Applicants, aged around 30, should be qualified accountants perhaps with experience gained in either a Funds and/or Futures environment. The remuneration package will include membership of a lucrative performance and profit related bonus scheme and other attractive benefits including a company car.

Please reply with full curriculum vitae to:
Ray Wallhead at Rochester Recruitment Ltd, Garrard House, 31/45 Gresham Street, London EC2V 7DN (Ref: 1259)

ROCHESTER
International Search & Selection

GROUP FINANCE DIRECTOR

Hampshire **c 40,000 + car + benefits +**

We are a private UK fragrance toiletries marketing and sales group. Out portfolio includes some of the most prestigious international brands. Turnover 7 million and with the recent acquisition of an established manufacturer the Company is now positioned for solid growth.

The position of Group Finance Director is newly created and entails complete responsibility for finance, administration and operations. It is definitely a 'hands on' role which calls for involvement in detailed operational issues as well as a major input to strategic management.

You will be a Chartered Accountant, probably aged 35-45, with an impressive track record of financial management success - preferably within the f.m.c.g. manufacturing sector. Direct experience of computer systems development will be essential.

Write Box A1391, Financial Times, One Southwark Bridge, London SE1 9HL

MANAGEMENT ACCOUNTANT

c£24,000 inc. bonus + car Maidstone

Dutton-Forshaw are one of the UK's leading motor vehicle retailing and distribution groups with a turnover in excess of £220 million through 30 locations, encompassing 10 major quality and volume franchises.

Our Maidstone dealership holds franchises for Rover, Land Rover, Range Rover, Freight Rover, Jaguar, Daimler and Rolls Royce. Equally important in both revenue and profitability terms are substantial Used Car, Service and Parts operations.

We are now seeking to appoint a Management Accountant who will be responsible for managing an Accounting Department with a staff of five people. The successful candidate will have the ability to produce timely financial and management information on all aspects of the business and will be a key member of the dealership management team.

Applicants, aged between 25 and 32, should be qualified Accountants with a minimum of 2 years post-qualification experience, preferably gained within the motor industry or allied trades. A working knowledge of computer-based management systems would be a distinct advantage.

The rewards package includes a profit-related salary, the use of a company car, BUPA, and a contributory pension scheme.

Applications, in strict confidence, should be sent together with a detailed CV to: Sally Stearn, Regional Personnel & Training Manager, The Dutton-Forshaw Motor Group Ltd., Printing House Lane, Hayes, Middlesex UB3 1HQ.

DUTTON-FORSHAW
WE STAKE OUR NAME ON QUALITY

Development Capital
Executives

Morgan Grenfell, a leading UK merchant banking and investment management group, has established a new company, Morgan Grenfell Development Capital Limited. This new company will be engaged in arranging the financing of, and investment in, both large and small management buy-outs, buy-ins, leveraged acquisitions, recapitalisations and in the equity financing of growing, medium sized unquoted companies, mainly in the UK and Europe.

The formation of this new business has created opportunities for executives who have considerable experience and a proven and successful track record in making development capital investments. Suitable candidates are likely to be qualified as accountants or lawyers and must be able to demonstrate an ability to initiate and complete investments not only at the smaller end but also in more substantial investments. Initiative, energy and a capacity for hard work are essential to ensure success in these positions.

Remuneration will be highly competitive with an excellent range of banking benefits including BUPA, subsidised mortgage and company car.

Candidates should apply in writing, giving a full career history to date, to:

Robert Smith
Chief Executive
Morgan Grenfell Development Capital Limited
23 Great Winchester Street
London
EC2P 2AX

MORGAN GRENFELL

FINANCIAL CONTROLLER

N. Home Counties £30-35,000 + options, car & benefits

A dynamic and genuinely entrepreneurial sales and distribution group, our client has recently completed a substantial acquisition as the first stage in an ambitious expansion programme. In order to maintain this impetus, it now seeks to appoint a Financial Controller to establish a financial framework compatible with the ambitious long-term strategy of the Group.

Working in close conjunction with both the Group Finance Director and the Chief Executive, the successful candidate will be instrumental in controlling the business and implementing the financial and marketing strategies which will ensure its continued growth.

The appointee will be not only an excellent accountant with several years' line management experience, but also an astute businessperson and first class communicator capable of commanding the respect of peers and subordinates.

This position represents an exceptional opportunity to join an organisation at an embryonic stage in its development and to play an influential role in the continued success of the Group. There is also a clear career path to the position of Group Finance Director. The potential rewards are self-evident, but only candidates with the commercial acumen, energy and initiative to thrive in a high risk, high return environment should apply.

Please write in confidence, with full career and salary details, quoting reference K3735 to Tim Knight.

KPMG Peat Marwick McLintock
Executive Selection and Search
70 Fleet Street, London EC4Y 1EU

TAX CONSULTANCY FOR OWNER-MANAGED BUSINESSES

Tax Managers

London

Up to £45,000 + Car

The Price Waterhouse client portfolio includes not only the large multinationals but also many young developing businesses.

Our Independent Business Group in London provides an all round high quality financial advisory service to these expanding clients. Tax advice is often a critical factor in the next stage of their business plan.

We have challenging opportunities for managers with appropriate tax experience who seek further career development in this significant area of our tax practice.

You should have commercial flair and a commitment to advising owner-managed businesses. An ability to communicate difficult technical issues to all levels of management is important, as substantial client contact is involved.

You will be based in new offices at No. 1 London Bridge, and will benefit from an attractive salary, comprehensive tax training and real prospects of partnership.

Please write in confidence, with detailed CV, to:
John Townend, Head of Tax Recruitment,
Price Waterhouse,
Southwark Towers,
32 London Bridge Street,
London SE1 9SY.

Price Waterhouse

OFFICES IN: LONDON · ABERDEEN · BIRMINGHAM · BRISTOL · CARDIFF · EDINBURGH · GLASGOW · LEEDS · LEICESTER · LIVERPOOL · MANCHESTER · MIDDLESBROUGH · NEWCASTLE · NOTTINGHAM · REDHILL · ST. ALBANS · SOUTHAMPTON · WINDSOR · ASSOCIATED FIRMS IN IRELAND, THE CHANNEL ISLANDS AND THE ISLE OF MAN

Lucas Automotive

Financial Planning & Analysis

A new team – A major challenge

North Kent/West London

Our client is a substantial business within the automotive sector of the Lucas Group. With a highly respected product range and an excellent customer base, they have set themselves a challenging series of objectives to further develop the business in the 1990's. We are now seeking a small number of results-oriented accountants to play a significant role in that programme with the potential to progress rapidly through the Group.

The successful candidates will help create a planning and analysis function. Its key tasks will include:-

* *establishing the annual business plan and analysing performance;*
* developing the forecasting process;
* evaluating new product programmes and capital expenditure proposals.

The team will liaise closely with the other functions in the business both to produce management information of quality and substance and to take appropriate business decisions. The positions may involve some overseas travel.

Ideal candidates will have a real interest in volume manufacturing and be in their mid-twenties/early thirties. Probably graduates, they should be able to demonstrate strong inter-personal skills and, in particular, the ability to work effectively in a highly commercial environment. Highly attractive remuneration packages will be negotiated.

To apply, or for an initial discussion, please send a brief CV to, or telephone: Anthony Jones, Career Plan Ltd., 33 John's Mews, London WC1N 2NS, tel: 01-242 5775 (01-348 3641 between 7.30 and 9.30 pm).

Career plan LIMITED
Personnel Consultants

FINANCIAL REPORTING MANAGER

Central London c. £32,500 + bonus + car

This recently formed division of a top British plc specialises in industrial distribution and stockholding. It has a strong international emphasis with over 60 companies throughout Britain, Europe and N. America and a turnover well in excess of £1bn. With a progressive entrepreneurial culture it has a record of rapid recent acquisitive growth and ambitious plans for future expansion.

The head office role of Financial Reporting Manager has been created to manage this growth. Reporting to the Divisional Head of Finance, it will not only be responsible for the provision of the monthly financial reports, budgets and forecasts, but it will also focus on the introduction of new systems and reporting disciplines for existing and newly acquired companies both in the UK and overseas. The successful candidate will be expected to build up a full understanding of the commercial activities of the operating companies and develop close rapport with their financial managers. There will also be some senior level ad hoc projects and occasional overseas travel.

Candidates should be young qualified accountants (probably ACA) of graduate calibre. It is likely that, having trained with a leading firm of accountants, you will now be developing your commercial experience in a large and progressive company. You should have strong technical abilities, well developed communication skills and the ambition to progress quickly within this rapidly growing environment. Self confidence and people skills are particularly important as are sound judgement and a committed approach.

Please reply in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref. L465.

Egor Executive Selection,
58 St. James's Street
London SW1A 1LD (01-629 8070)

EGOR EXECUTIVE SELECTION

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FINANCIAL PLANNING AND ANALYSIS MANAGER

MANCHESTER **UP TO £25,000+CAR**

Liquid Assets Ltd is the Drinks Wholesaling Division of the Boddington Group Plc.

Rapid growth through acquisition has created this Key management role for a high calibre qualified Accountant. Based at Head Office in Manchester, you will assume full control of Management Reporting both at divisional and company level.

Reporting to the Finance Director you will be given considerable responsibility for all budgetary control systems and the monitoring and appraisal of operating results, within this highly acquisitive environment.

If you are a forward thinking ambitious Accountant with the interpersonal skills to deal at all levels, Liquid Assets can offer you excellent prospects coupled with an attractive benefits package and relocation where necessary.

Please forward all applications in writing to:

Accountancy Personnel,
49 King St.,
Manchester,
M2 7AY.
Tel: 061 834 9233

Accountancy Personnel
Placing Accountants First
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A HAYS PERSONNEL SERVICES LIMITED COMPANY

SIB
SECURITIES AND INVESTMENTS BOARD

London ASSISTANT DIRECTOR c£30,000 + Car

Authorisation & Compliance

At the heart of the financial services regulatory system is S.I.B., with wide ranging responsibilities for the regulation of all investment businesses in the U.K. Accordingly this is an unrivalled opportunity to gain an insight into and understanding of this diverse and fascinating sector.

Joining a small, highly motivated professional team you will be given a two fold role; to take responsibility for a case load of authorisation and compliance assignments and to participate in the development of supervision policy and techniques for S.I.B's. directly regulated constituency.

The successful candidate will be a qualified graduate accountant who can demonstrate strongly motivated career progression to date. 'City' experience is advantageous but not essential, the prerequisites are analytical and auditing skills allied to first rate communication abilities. Prospects at S.I.B. are excellent at this exciting stage in its development, and of course the position offers a springboard for a wide variety of career moves within the Square Mile.

In the strictest confidence please contact Mike Masterson at H.M.A. Recruitment, Chancery House, 53-64 Chancery Lane, London WC2A 1QS. Telephone 01 242 1822 or Fax 01 831 6425

UNIVERSITY OF MANCHESTER

DEPUTY BURSAR

Applications are invited for this new senior post as one of three deputies to the Director of Finance. The successful applicant who will form part of the small management team to oversee the activities of the Department of Finance will be expected to demonstrate managerial and administrative capabilities of a high order. The post will be concerned particularly but not exclusively with the management of the University's work in the field of research grants and contracts, industrial liaison, and the administration of research development and exploitation. Relevant experience in this field will be an advantage but not essential. Salary will be within the Grade 6 range for Administrative Staff (minimum, £24,783 p.a.). Superannuation. Particulars and application forms (returnable by November 27th) from the Registrar, the University, Manchester M13 9PL (Tel: 061 275 2028). Quote ref. 255/89/. The University is an equal opportunities employer.

European Tax Manager - Up to £40,000 + car

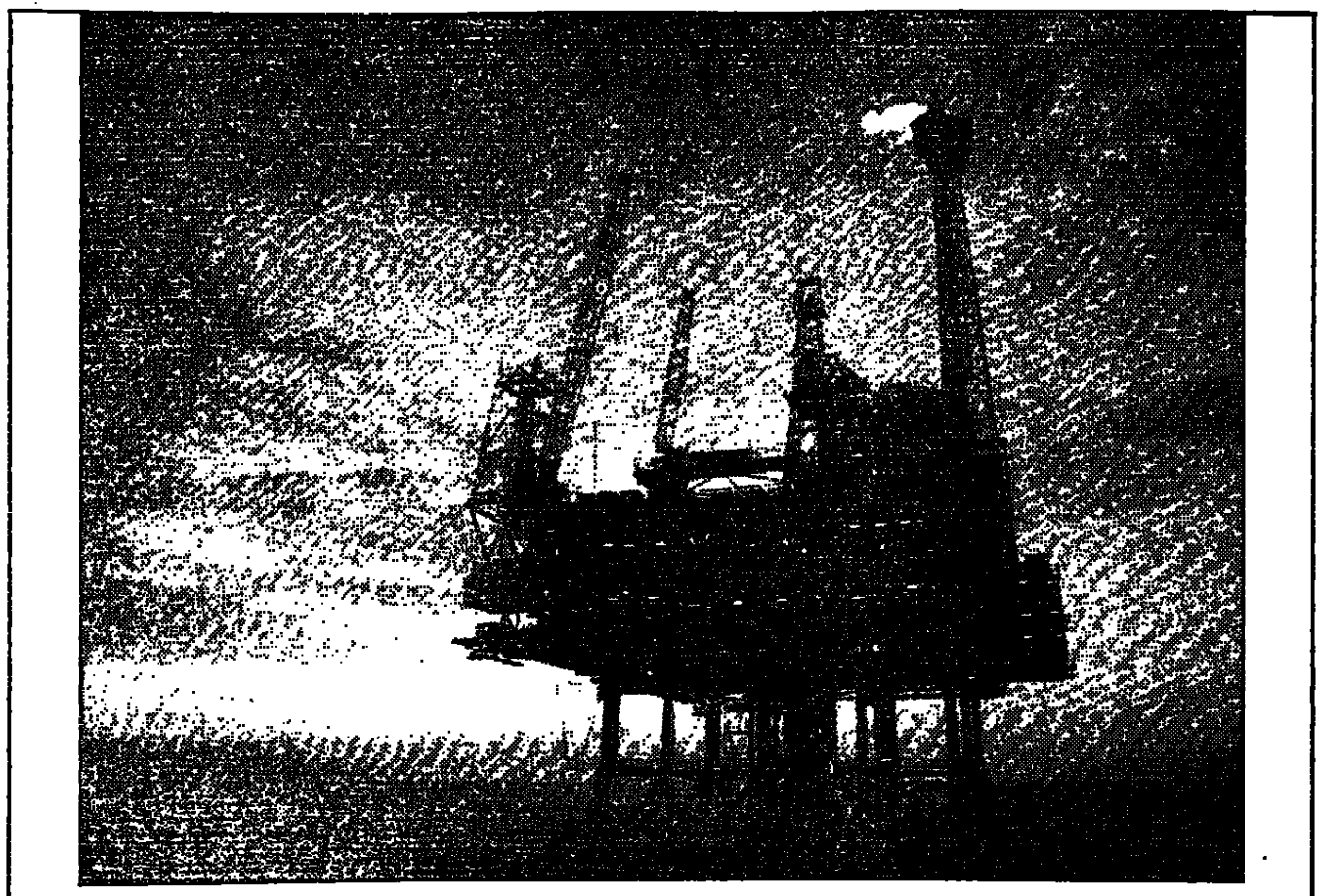
Emerson Electric Co., a diversified, US-based, Fortune 100 multinational corporation with an unbroken record of sales and earnings growth, has an immediate opening for a tax manager in its European headquarters in London.

With responsibility for tax administration in Europe in cooperation with the U.S. Tax Department, the successful candidate will manage the tax planning and compliance activities of our European affiliates. His responsibilities will include reviewing acquisitions, dispositions, and restructurings, planning dividend distributions and coordination group tax reporting.

The candidate should be a self starter with strong communication skills. In addition, he should be a graduate of a recognized university or business school with an accounting qualification and have 3-5 years experience with the tax department of an accounting firm or major corporation. Fluency in English required; other languages a strong plus.

Please apply in writing with detailed CV stating current salary to:

Managing Director - Emerson Europe
39 Portman Square
W1H 9FH London
England



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A major UK subsidiary of the Atlantic Richfield Company, one of the largest oil & gas companies in the world, we are a commercially enterprising business and are deeply committed to operations in the UK (both onshore and offshore), in Germany and The Netherlands.

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We have immediate opportunities for:

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- Capital Accountants
- Systems Accountants
- Joint Venture Auditors

The work will be challenging and our sophisticated environment stimulating. We are piloting advanced new computerised financial systems for ARCO worldwide and our small team structure emphasises individual responsibility and provides wide scope for you to make a visible personal contribution. Initially based in London's West End, we will soon be relocating to prestigious, new offices in Guildford and there will be opportunities to progress your career internationally.

We are looking for ambitious professionals with anything from 2 years' part-qualified experience in a "blue-chip" environment to 5 or more years' post-qualification experience. An oil industry background would be an obvious advantage but is not essential.

We offer salaries up to £32,000pa to reflect your qualifications and experience plus a valuable benefits package including non-contributory pension, free health care and life assurance schemes. Generous assistance with relocation will be provided where appropriate.

If you have the skills to fuel our further growth, please telephone or send your c.v. to: Julian Yates, Senior Employee Relations Adviser, ARCO British Limited, ARCO House, 48 Grosvenor Street, London W1X 0AN. Tel: 01-409 2466 ext. 3868.

ARCO

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FINANCIAL CONTROLLER

Insurance Company – South Coast

Age 30+ **Neg. from £30,000 +car and benefits**

A long established UK company, based on the south coast and part of an international insurance group with its head office in Stockholm, wishes to appoint a financial controller. The company has shown steady growth to its current annual premium income of £14.0 million, specialising in the provision of insurance for non-drinkers.

Candidates must be qualified accountants and be capable as a member of the management team of making a creative contribution to the company's strategy and policies. They should have experience of the financial services industry, and be computer literate, an IBM System/38 computer having been installed. Fluency in a second European language would be an advantage.

An attractive remuneration package will be negotiated. There are excellent prospects.

Applications should be sent in confidence, giving full details of career to-date and of current remuneration, quoting ref. NR/8939, to Patrick Bailey, at:–

246 Bishopsgate
London EC2M 4PB

NEVILLE RUSSELL
Management Consultants

Lazard Brothers & Co., Limited

Lazards is a leading City merchant bank of the highest reputation. It is seeking two high calibre accountants to fill vacancies which have arisen as a result of internal promotions.

Group Management Accountant

As a senior member of the finance department you will take responsibility for management reporting at Group level. Key responsibilities will include production of Board reports, budgeting, cost analyses and involvement in high level management analysis work and decision support projects. The position will bring substantial involvement in the development of powerful new management reporting systems and you will play a key role in the design and implementation of the new mainframe computer system.

Aged 27-32, you will be a highly motivated graduate calibre qualified accountant. Essential attributes will include some finance sector experience and the ability to communicate effectively. Also important are PC literacy, an interest in systems development and the ability to manage a team of half a dozen staff.

Group Project Accountant

By its nature more difficult to define, this role will involve dual responsibility for (i) a variety of projects and (ii) Group statutory accounts. Projects will be focused on the development of the bank's own businesses, while statutory responsibilities will include advising on changes in accounting practices, monitoring the bank's investments and having some involvement in Group financial structures.

Aged 26-30, applicants must be first rate graduate chartered accountants with the technical and communication skills necessary to work confidently at senior director level.

For further information please contact Janet Bullock on 01-831 2000 or write to her enclosing a detailed curriculum vitae at **Michael Page Finance, Financial Services Division, 39-41 Parker Street, London WC2B 5LH.** Strictest confidentiality assured.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Group Financial Controller

Financial Services: Career opportunity
City
c £37,000 plus bonus and car

A highly regarded and substantial international financial services group which in turn is part of a much larger and well-known International Group, the company has a record of sustained growth, both organic and through selective acquisition. Owing to a promotion a new Group Financial Controller is now required to take control of a small head office team.

The role will be wide ranging and challenging. Reporting to and working closely with the Group Chief Financial Officer the primary function will be to exercise a financial control function over its head office and operating companies in the UK, US, Far East and Australasia instigating improvements in current reporting systems as required.

Candidates should be graduate accountants, ideally chartered, aged around 30 who have gained experience in a head office of a Plc or other large international group. Experience with sophisticated computerised systems and familiarity with PCs is especially sought: knowledge of the financial services sector a bonus. The personal qualities of diplomacy, resourcefulness and resilience plus a commercially aware and ambitious approach are essential.

An attractive salary package will be negotiated with the successful candidate. Prospects for further advancement in the group are excellent for the right individual.

Please write enclosing a full CV and salary details quoting reference E/0013 to: Christopher Bainton
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1. London Bridge
London SE1 9QL

Price Waterhouse

Financial Controller

Marketing And Distribution

Manchester, c £28,000, Car, Benefits

This £40m turnover company is the UK marketing and distribution arm of a worldwide group employing over 12,000 people. Reporting to the financial director, you will control all financial aspects of the business and play a major role in several key projects, including the implementation of new computerised financial systems on an IBM AS400. You will manage a team of 12 staff and be actively involved in all areas of the company. Aged 28-35 you will be a fully qualified accountant with at least 3 years post qualifying experience in commerce or industry. You will also have staff management experience and be computer literate. Your personal qualities will include good presentational skills and commercial awareness. An excellent package includes a salary c£25,000, bonus, executive car, family health insurance, good pension scheme and exciting career prospects. *J. Morrison, Ref: M19057/FT.* Male or female candidates should telephone in confidence for a Personal History Form, **061-832 3500, Fax: 061-834 8577, Hoggett Bowers plc,** *St. James's Court, 30 Brown Street,* **MANCHESTER,** *M2 2JF.*

Hoggett Bowers

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A Member of Blue Arrow plc

FINANCIAL EXECUTIVE

High profile role with growing UK multinational

West of London **c £30,000 + Car + Benefits**

A world leader in several high technology markets, our client's phenomenal sales and profit growth in recent years has been achieved through technological innovation and strategic acquisitions. Sales exceed £500 million and are growing strongly.

Due to an internal promotion the Group is looking for a Financial Executive whose role will be two-fold: providing financial and operational support to the Chief Executive of a major division with turnover in excess of £100 million; and taking responsibility for a wide range of corporate projects including acquisition analysis, strategy modelling, investment proposals and financing alternatives.

This is a non-routine role providing an insight into a diverse manufacturing Group at the most senior levels. It will provide invaluable business experience within a Group whose growth and personal development strategy provide first rate career opportunities.

The role will suit a qualified accountant, preferably with at least two years' post qualification experience in industry. Age will not necessarily be a limiting factor. Of more importance will be your sound financial skills, a commercial orientation, computer literacy and the ability to interact and influence at the most senior levels. Some worldwide travel will be required.

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